| | | |
|---|---|---|
| Austria ....... Sch22 | Indonesia ... Rp3100 | Portugal ..... Esc120 |
| Bahrain ... Din0.650 | Israel ........ NS3.50 | S.Arabia .... Rls7.00 |
| Belgium ...... BFr48 | Italy ......... L1700 | Singapore ... S$4.10 |
| Canada ....... C$1.00 | Japan ......... Y600 | Spain ......... Pta145 |
| Cyprus ....... C£0.90 | Jordan ..... Fils.500 | Sri Lanka .... Rup30 |
| Denmark . DKr10.00 | Kuwait ..... Fils.500 | Sweden ..... SKr9.00 |
| Egypt ......... E£2.25 | Lebanon .. S£125.00 | Switz ........ SFr2.30 |
| Finland .... Fmk7.00 | Lux ............ LFr48 | Taiwan ....... NT$85 |
| France ...... FFr6.50 | Malaysia ... Rin4.25 | Thailand ...... Bht50 |
| Germany ... DM2.30 | Mexico ...... Pes300 | Tunisia .... Din0.800 |
| Greece ......... Dr120 | Morocco ..... Dh6.00 | Turkey .......... L600 |
| Hong Kong... HK$12 | Neth ........... Fl3.00 | UAE .......... Dh6.50 |
| India ........... Rup15 | Norway ... Nkr10.00 | USA ............ $1.00 |

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

No.30,614 Friday August 12 1988 D 8523 A


**COUNTERTRADE**
**East and West seek new barter accord**
Page 4

## World News

### Iran and Iraq clash as UN prepares Gulf peace force

Iraq accused Iran of shelling its positions near the Shatt al-Arab waterway, in apparent contravention of an understanding that new attacks would not be launched in the run-up to the August 20 ceasefire date announced on Monday.

UN Secretary-General Javier Perez de Cuellar earlier told the five permanent members of the Security Council that they had a duty to help pay for the 350-strong UN force being sent to monitor the ceasefire between Iran and Iraq. Page 16

**Joint space plan**
The US and the Soviet Union are discussing unprecedented co-operation in space research and exploration, starting with investigation of damage to the earth's ozone layer. Page 16

**US drought package**
President Ronald Reagan signed a \$3.9bn relief package for US farmers hit by drought. Page 16

**Seoul detentions**
South Korean police detained 400 people as about 2,000 students demonstrated against a Government ban on a meeting between North and South Korean students.

**Angola clashes**
The first 24 hours of the ceasefire between Angola and South Africa saw claims by Unita rebels in Angola to have killed 50 Government troops, and reports from Pretoria that soldiers had opened fire on a car in northern Namibia.

**Kabul beats rebels**
The Afghan Government claimed to have regained control of the provincial capital of Kunduz from rebel forces which entered it after Soviet troops withdrew.

**Yugoslav drought**
Up to a third of agricultural production may have been lost to drought in Macedonia, Yugoslavia's poorest republic. Trade liberalisation, Page 2

**Settler is charged**
A Jewish settler was charged with manslaughter for shooting a young Palestinian during unrest near Jerusalem.

**W Sahara proposals**
Morocco and the Polisario Front were handed confidential new proposals for resolving the Western Sahara dispute. Background, Page 3

**Italian hostages free**
Ethiopian guerrillas released two Italian geologists held captive for nine months, following a decision by their employer to pull out of a controversial development project.

**No French embassy**
France denied reports in the official Vietnamese press that it planned to open an embassy in the Kampuchean capital Phnom Penh.

**Bonn debt offer**
Zambian President Kenneth Kaunda said West Germany had offered to write off \$285m in debts if his Government adopted economic reforms proposed by the International Monetary Fund.

**Papal no to Pretoria**
The Pope has turned down Pretoria's last-minute invitation to include South Africa in his September tour of neighbouring states.

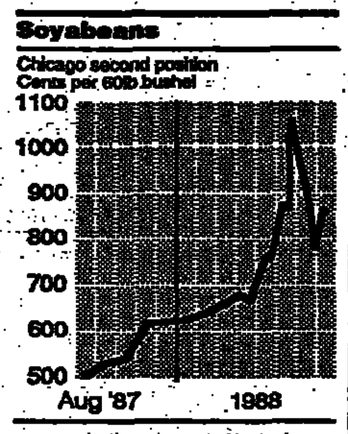
## Business Summary

### UK director sacked after £2m inside deal

AN ASSOCIATE director of County NatWest WoodMac, the securities subsidiary of the UK National Westminster bank, has been sacked for carrying out deals in Grand Metropolitan shares worth £2m (\$3.4m) on the basis of inside information. The transactions netted a £100,000 profit for CNW. Page 6

SOYABEAN crop losses because of the US drought have been put as high as 25 per cent, according to private estimates. Losses for corn and spring wheat may be as high as 50 per cent. President Reagan signed a multi-million dollar bill to compensate farmers and ranchers. Page 16

**Soyabeans**
Chicago second position
Cents per 60lb bushel




AMERICAN International Group, a leading US insurance company, has increased its stake in Kleinwort Benson Group, the UK merchant banking business, to 6.06 per cent. Page 6

RANKS Hovis McDougall, the UK foods group fighting a £1.72bn bid from Goodman Fielder Wattie, buttressed its defence against the Australasian food company by forecasting pre-tax profits of at least £156m for the year to September 3. Page 17

FISONS, the UK drugs, scientific and horticulture group, launched a major expansion in Italy, with the acquisition of Italchimici for £31.5m. Page 17

RECORD \$3.6bn contract awarded recently to International Business Machines has been suspended pending a hearing on a protest by Hughes Aircraft, a subsidiary of General Motors, passed over in favour of IBM after a four-year bidding competition. Page 19

KLM Royal Dutch Airlines announced a 13 per cent drop in profits in the first quarter of fiscal 1988/89 because year-earlier earnings were boosted by aircraft sales. Page 18

AUSIMONT, the speciality chemicals subsidiary of Italy's Montedison Group, sold two carpet tile manufacturing companies to Interface, a Georgia-based flooring and office equipment group, for more than \$150m. Page 18

POTENTIAL source of conflict between Grand Metropolitan, the UK drinks group, and Seagram, the Canadian drinks company, concerning distribution of GrandMet's brands in the Far East has been resolved. Page 19

PORSCHE, the West German sports car group, plans to cut its US sales by about 25 per cent in the 1988/89 model year, according to the management board member in charge of sales. Page 22

UNISYS, the US computer group, is to take over Convergent, a California maker of work stations, in an effort to bolster sales of computers running on the Unix operating system, a fast-growing market segment. Page 19

# OTC fraud involved 'at least \$250m'

**By William Dullforce in Geneva**

OVER 10,000 investors paid more than \$250m into the network of companies involved in a worldwide fraud involving US over-the-counter shares, investigators now believe.

Estimates of investors' losses have swelled as investigations continue in Geneva, Basle, Dusseldorf and Paris.

The idea of setting up an international commission to investigate the fraud in all its ramifications has been mooted between prosecutors in Switzerland, West Germany and France. Investigators are finding it difficult to trace the funds.

Certificates naming some 25 US stocks were discovered in the offices of Chelsea Financial AG, Basle, and the Basle public prosecutor's office calculates that between \$100m and \$200m of investors' money passed through Chelsea Financial and Stockwell Financial AG, which shared the same address at Solothurnerstrasse 45, Basle.

Only very small amounts were found in the two companies' bank accounts with Basler Kantonalbank, according to Mr Robert Staub, the criminal commissioner in the prosecutor's office.

Investors' payments for the purchase of shares had been transferred to Luxembourg banks, which had now blocked the accounts at the request of the police in Düsseldorf, West Germany, Mr Staub said. He did not know how much they contained.

Mr Laurent Kasper-Ansermet, the examining magistrate in Geneva, said that \$150m would be a reasonable estimate of the "illicit income" received by the companies he is investigating – Falcontrust Financial in Geneva, Equity Management Services in Nyon and the Geneva and Lugano branches of Kettler Investment, registered in Liechtenstein.

The victims include many UK investors. A dozen Britons are among some 40 investors who have approached one Geneva lawyer, while lists of close to 3,500 clients found in the Chelsea Financial and Stockwell Financial offices in Basle contained "a lot" of UK addresses, according to Mr Staub. Some 7,000 clients were listed in Geneva and Nyon.

So far 10 arrests have been made. Mr Gerhard Fekkes, 56, a Dutchman, and Mr Jack Sussman, 46, a Canadian, were arrested in Basle and extradited to West Germany at the request of Düsseldorf police.

The two ran the Basle companies, but had also been connected by the West German police to Supercorp Kapitalanlage, Dortmund, a company the police had started to investi-

Continued on Page 16

# Dollar falls sharply as US banks raise prime rate to 10%

**By Ralph Atkins in London and Janet Bush in New York**

THE DOLLAR fell against other major currencies yesterday in spite of leading US banks raising their prime corporate lending rates to the highest level since mid-1985.

Trading in the US currency was volatile with conflicting signals emerging on different sides of the Atlantic.

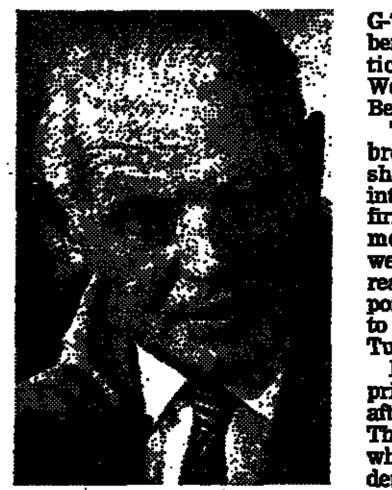
The prime rate increase – by half a percentage point to 10 per cent – boosted the dollar, but only temporarily. The rise was triggered by Chase Manhattan and swiftly followed by other banks.

Earlier, in Europe, the dollar weakened after Mr Gerhard Stoltenberg, the West German Finance Minister, said a further strengthening would be counterproductive.

He said a stronger dollar would lead to higher West German interest rates and import prices and would also threaten progress in tackling world trade imbalances – particularly in the US.

His comments were echoed in the Bank of England's Quarterly Bulletin, published yesterday. This warned that the recent high level of the dollar might slow the reduction in global imbalances.

In New York and London, currency dealers attributed the dollar's weakness partly to profit-taking after its surge earlier this week and concern that central banks in the Group of Seven (G-7) industrial countries might act to mitigate strength in the currency.


Mr Stoltenberg.

Leading G-7 officials moved yesterday to rebuff market speculation that a meeting was being planned. In West Germany, Mr Stoltenberg said a G-7 meeting was not planned before the September International Monetary Fund and World Bank meetings in West Berlin.

The rise in US prime rates brought them into line with short-term money market interest rates. These have been firming for some months and moved sharply higher this week as US financial markets reacted negatively to the half point rise in the discount rate to 6.5 per cent announced on Tuesday.

In equity markets, share prices ended higher yesterday after steep falls on Wednesday. The rebound started in Tokyo where renewed investor confidence helped share prices after the year's biggest plunge, the previous day.

In London, share prices followed Tokyo upwards at the opening but ended lower after worse-than-expected company results, apprehension about trading on Wall Street and US prime rate moves.

The FT-SE 100 share index closed down 4.7 points at 1,885.2. The Nikkei index rose 230.11 points, or 0.84 per cent,

Continued on Page 16
US retail sales, Page 4; Markets, Second Section.

# OECD warns Japan over inflation threat

**By Ian Rodger in Tokyo**

INFLATION could break out in the Japanese economy in the next year or so if the anticipated continuation of the country's strong growth trend pushes the economy towards its production and manpower capacity limits.

Despite this warning, the Organisation for Economic Co-operation and Development (OECD), in its biennial in-depth report on the Japanese economy, gives a clear endorsement to the Government's current macroeconomic policies and exhorts it maintain an expansionist stance."

"International imbalances are still too large for any relaxation of Japan's efforts to contribute to a more balanced world economy," the report concludes. "Moreover, the size of Japan's external surplus is such that strong growth of domestic demand will need to be maintained for some years."

The report predicts that Japan's gross national product will rise by "a little over 4 per cent in 1988 and a little less in 1989." These forecasts are modest compared with the latest views of Japanese economists, and the report acknowledges that "there is some possibility that GNP may grow faster than expected in 1988, with both exports and business investment rising more strongly than envisaged."

It says that unemployment, now less than 3 per cent, is likely to fall and the inflation rate, which is less than 1 per cent, to edge higher.

The current external surplus will fall to around 2.5 per cent of GNP by 1989, but that would leave it still at over \$80bn.

Japan's fiscal policy is described as "broadly appropriate" and the OECD believes it will allow some reduction in the Government's budget deficit over the forecast period. However, it is concerned about the rapid growth of money supply, which has been in the 11-12 per cent range since the beginning of this year.

A vigilant stance of monetary policy will be required, the report says. It notes that the rise in the yen has played a significant role in dampening inflation up to now, but suggests that this may not continue in the future because of industrialised countries' exchange rate stabilisation co-ordination.

Instead, policies aimed at changing the structure of the economy by opening markets and deregulating some sectors could take over this role.

The report contains a study of the progress of Japan's structural adjustments to date. It finds that productivity growth in the service industries has lagged significantly behind that in manufacturing. In the 1974-85 period, productivity in manufacturing grew by 6.1 per cent, while that in services grew only 2.8 per cent.

It praises recent progress in deregulating the telecommunications and transport industries as well as the financial markets, but complains about the anomalies in inheritance and taxation laws that discourage land sales and lead to Japan's excessive land prices.

The report analyses the problems in Japan's notoriously complicated distribution sector, but finds that value added per head in the wholesale and retail trades is not out of line with that in other leading OECD countries. With the US as a base at 100, Japan stands at 72 by this measure, but the UK is only 55.2.

Editorial comment, Page 14

# Belgium outlines stock exchange overhaul

**By Tim Dickson in Brussels**

THE Belgian Government yesterday outlined its plans for a potentially radical overhaul of the Brussels Stock Exchange, including the transformation of local stockbroking firms into limited companies and their opening up to outside capital.

The ideas were spelt out in a joint letter from Mr Philippe Maystadt, the Finance Minister, to Mr Jean Peterbroeck, the bourse president, and Mr Leo Goldschmidt, president of the Belgian Bankers Association. The two bodies have been arguing for two years over ways to end stockbrokers' quasi-monopolistic practices.

The move, which was welcomed yesterday by both sides to the dispute, is seen as reflecting fears that Brussels' high transaction costs, outdated technology and old-fashioned legal structure, which is still based on the Napoleonic code, leaves it vulnerable to the changes in the European financial services market.

Mr Maystadt's letter effectively appeals to both sides to bury their differences in the interests of the broader promotion of Brussels as a leading financial centre and spells out his plan for a new government commission aimed at reaching agreement on the main issues by the end of October.

Mr Maystadt's intervention represents a significant change of policy by the Belgian Government, which had previously been content to let the parties try to reach a solution on their own.

The apparent attempt to raise the issue closer to the top of the political agenda is not directly related to this year's dramatic battle for the country's leading holding company Société Générale de Belgique, but it is widely recognised that the affair focused attention on the need for reform.

Mr Maystadt laid down a number of principles on which the forthcoming negotiations should be based:

- opening up stock exchange business to banks and other credit institutions, initially to Belgian companies but ultimately to those from other EC countries;
- rationalising the large number of small stockbroking firms;
- ensuring adequate stockbrokers' capital; and
- establishing greater transparency of dealings through the centralisation of stock exchange transactions.

# UK inflation 'will rise'

**By Simon Holberton, Economics Staff**

INFLATION in the UK will continue to rise, but high interest rates should help keep prices under control and allow the economy to return to a more balance growth path, the Bank of England said yesterday.

In its Quarterly Bulletin, published yesterday, the Bank underlines its belief that high interest rates and a firm pound are necessary to keep the lid on inflation and excessive demand.

Strikingly, the Bank asserts that if Britain is to achieve a simultaneous reduction in the rate of inflation and an improvement in the trade deficit then domestic demand will have to grow by less than the economy's productive potential.

Domestic demand is currently growing by about 7 per cent a year, while the Bank believes the UK's productive potential to be about 4 per cent a year for manufacturing and 3 per cent a year for the whole economy.

Although it envisages inflation in Britain edging up over the next 12 months the Bank believes it will peak at a level below 6 per cent.

The Bank rejects currency depreciation as a policy to improve Britain's balance of payments because that would

Continued on Page 16

# Royal Insurance and Victoire break off talks on merger

**By Nick Bunker in London and George Graham in Paris**

ROYAL INSURANCE and Groupe Victoire, the British and French insurers, have broken off long-running merger talks which would have created a pan-European insurance group ranking close in size to West Germany's Allianz and Italy's Generali.

Victoire maintained a chilly refusal to comment on the situation, which was disclosed by Royal in a one-sentence announcement yesterday. Paris financiers said Victoire was disappointed that Royal had prematurely revealed the end of discussions.

Mr Roy Randall, Royal's investor relations chief, said a resurgence of press speculation had prompted it to make the disclosure, but would not comment further.

The news is a significant setback to plans by both companies to achieve critical mass within the European Community, at a time when the EC is striving to liberalise cross-border insurance trade in the run-up to 1992.

Royal since 1980 has had a goal of European expansion, partly to offset the violent cyclicality of its US property/casualty business, which made up 47 per cent of its £3.1bn (\$5.2bn) 1987 non-life premium income.

However, its biggest European subsidiaries are still small, including the 11th biggest non-life insurer in the Netherlands and a Spanish insurer with 1 per cent of the local market.

Victoire, also, has apparently embraced the view that French insurers need to grow rapidly.

Some Victoire officials do not rule out a return to negotiations once current differences have been sorted out.

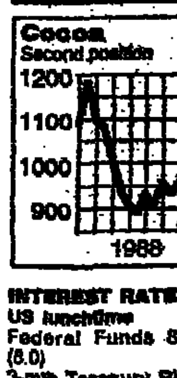
One major sticking-point was a misunderstanding between Royal and Victoire over relative size. Royal balked when an independent audit by Arthur Andersen, the accountants, valued Victoire at 35 per cent of the UK group.

Lex, Page 16



## MARKETS

**Cocoa**
Second position




**INTEREST RATES**
US lunchtime
Federal Funds $8\frac{1}{8}$% (8.0)
3-mth Treasury Bills: yield: 7.225% (7.22)
Long Bond: $97\frac{1}{8}$ ($98\frac{3}{4}$)
yield: 9.405% (9.31)
London
3-month interbank: close $11\frac{5}{16}$ ($11\frac{1}{4}$)

**STERLING**
New York close
\$ 1.7100 (1.69435)
London:
\$ 1.7015 (1.6910)
DM 3.2325 (3.2395)
FFr 10.9525 (10.9575)
SFr 2.70625 (2.705)
Y 227.825 (227.25)

**DOLLAR**
New York close
DM 1.8858 (1.9088)
FFr 6.3955 (6.4475)
SFr 1.5765 (1.6920)
Y132.9 (133.68)
London:
DM 1.9000 (1.9155)
FFr 6.4375 (6.46)
SFr 1.5900 (1.599)
Y133.85 (134.45)

**GOLD**
New York close
Comex Dec
\$438.9(439.4)

**STOCK INDICES**
New York close
Dow Jones Ind. Av.
2,039.3 (+5.16)
S&P Comp
262.41 (+0.51)
London:
FT-SE 100
1835.2 (-4.7)
World:
124.3 (Wed)
Tokyo
Nikkei Ave
27,784.98 (+230.11)
Frankfurt
Commerzbank
1464.9 (-15)

**OIL**
Brent 15-day (Argus)
\$ 15.075 (+0.5)
West Tex Crude
\$ 15.675 (+0.7)

## CONTENTS

**Gen Zia has benefited from Pakistan's opposition rivalry**

A myth has grown up around Pakistan's leader, who has confounded expectations by consolidating his power. Now the trump card of Afghanistan is waning, he must rely even more on opposition rivalries and US aid to stay on top
Page 2

# Moscow eases the reins on foreign trade

By John Lloyd in Moscow

THE LIBERALISATION of Soviet foreign trade proceeds apace, as new organisations, banks and ventures are announced almost daily. The problem is knowing what these new enterprises do, and when they can do it.

Leningrad, the Soviet Union's second city, now boasts two "commercial joint stock" banks, set up to help finance foreign as well as domestic ventures and reportedly empowered to issue bonds and accept deposits in foreign currencies as well as in roubles.

The banks, which are not named, are the children of two ministries - Minkhimash, the department concerned with chemical production equipment, and Energomash, the Ministry for Energy Technology. They were conceived as instruments for financing these ministries' projects, and have been expanded to allow them to attract foreign capital.

They are being touted as independent entities, working outside the control of the main economic ministries and departments but under the tutelage of Promstroi, the Soviet construction bank, which will keep them right on Soviet law.

At the same time, another new organisation aimed at providing financial services both to Soviet exporters and foreign importers has been set up in Moscow, sponsored by a formidable array of institutions – such as the State Bank of the USSR, the Ministry of Finance and the Ministry of Foreign Economic Relations. It, too, is reported as being independent of the control of all ministries.

This mixture of independence and entrepreneurship has every kind of official and intellectual approval. Writing in the current issue of the journal World Economy and International Relations, Mr Victor Spandaryan and Mr Nikolai Shmeklyov say that "a wide range of progressive forms of foreign economic ties . . . (are) necessary to pass over from a passive to an active policy in the world market that would be in line with the opportunities offered by the economic, scientific and technological potential of the Soviet Union."

At the same time, they point to the present adverse trend in Soviet trade in one of the most critically important areas for its present plans – machine tools. The Soviet share of the world market in this sector has fallen from 3.2 per cent in 1970 to 2.1 per cent in 1985. A massive exhibition of international machine tools and production systems is now taking place in Moscow, with the press giving prominence to interviews with foreign managers and engineers describing the advantages of advanced production technology.

However, the objective of increasing freedom in foreign trade has run counter to the entrenched monopoly in this field of the Vnesheconombank, the bank of foreign economic affairs, and the reluctance of the economic ministries to allow new organisations to operate in an unfamiliar, yet highly prized, area. Earlier this week, the Moscow co-operatives' association was grumbling that only one of its near-3,000 members had managed to get a licence to deal with foreign partners.

One foreign banker said yesterday: "There is some logic to this. The restructuring of the Soviet banking system has not yet created many people outside of Vnesheconombank who know their way round foreign banking methods."

# Italy phone 'clients' win a few rights

By John Wyles in Rome

THE CIVIL rights enjoyed in Italy have taken a quiet, but huge leap forward: a change which, in some Italian eyes at least, is scarcely less revolutionary than the astronomical discoveries of Copernicus.

Expressed in its simplest form, the revolution gives the consumer some right to compensation if a public service fails to meet the standards which have been set for it. This courageous embrace of the goal of consumer satisfaction is being attempted by Sip, the national telephone company, which has never before been noted for its sense of obligation towards the customer.

Indeed, the subscriber was not thought of as a customer under the regulatory framework imposed on the telephone service in 1930. He or she was a "user" with no entitlements, but a ministerial decree due to come into force in October tries to change all that.

The user becomes a "client" with a right to have his telephone bills reduced as compensation for various shortcomings in performance. The standards now being set by decree would not be regarded as tremendously demanding in France, Britain or the US, but every revolution has to start somewhere.

Thus, the company will be bound to instal a telephone within 90 days of formally acknowledging a request for connection. In 1990, this waiting time will be reduced to 60 days. Should the telephone fail to arrive, then the subscriber's rental will be reduced in proportion to the delay.

According to the Brussels-based European Association, Sip has been among the slowest in Europe in connecting new subscribers.

Many businessmen in the South claim to have waited much longer. Telexes in those former outposts of the Greek empire take nearly as long as to arrive as the Calends.

Sip will also have to mend its ways when it comes to changing a telephone number. Henceforth, it must give 90 days notice and supply a prerecorded message notifying the new number for 20 days after the change.

# Moderate Soviet line on southwest Africa

By John Lloyd

THE SOVIET UNION yesterday gave a measured and moderate view of the talks last week in Geneva on southwestern Africa, in what appeared to be an effort to steer their Cuban allies in the direction of compromise with South Africa.

Mr Anatoly Adamishin, a deputy Foreign Minister, told a news conference in Moscow that he had remained in close touch with Dr Chester Crocker, the US chairman of the talks, and agreed "in many respects" with him. He stressed that while remaining opposed to South Africa and its policy of apartheid, the Soviet Union did not regard all suggestions from the South African side in the talks as out-of-court by definition.

South Africa and the joint Angolan-Cuban delegation at the talks remain separated by the issue of a timetable for the withdrawal of the 45,000 Cuban troops from Angola. In a surprise move last week, South Africa proposed granting full independence and free elections to Namibia in return for the withdrawal of Cuban troops: the Angola-Cuba side have argued that some at least of the Cuban troops must stay for a period to assist the Angolan Government in its war against the Unita guerrillas, led by Dr Jonas Savimbi.

Mr Adamishin said that "it was an opinion that we couldn't do anything in this area while apartheid remains in South Africa. However, we now accept the need for partial solutions." He added that the solution of the Namibian issue could alleviate apartheid in South Africa. "If no more aid is given to Unita then perhaps the Angolans could control the situation themselves."

However, the Soviet Union would not stop aid to the African National Congress or to the African front-line states, he said.

The Soviet Union was willing to stand as a guarantor to a settlement – but before doing so, it had to be assured that such a settlement was fair.

# Some of the shine rubs off perestroika

By John Lloyd

WITH THE fine flush of the 19th Soviet party conference more than a month past, perestroika is becoming a grind. Speeches, statements and articles in the press are repeating the formula: it is time to turn words into deeds. And increasingly, they reflect the difficulty of doing just that: lingering tension over the nationalities issue, and foot-dragging by some sections of the bureaucracy, are continuing to complicate the reform process.

Mr Alexander Yakovlev, the politburo member in charge of propaganda and culture, has told party activists in Latvia it is "impermissible" for individual national and ethnic issues be given undue prominence.

Clearly aware that he spoke to a party whose first secretary had made a powerful plea during the 19th conference for more independence, he mixed praise for Latvia's productivity with a reminder that it had achieved it "with the backing of the economic and scientific potential of the USSR".

Moscow intellectuals say the main national issue, that of the Nagorno-Karabakh region of Azerbaijan where ethnic Armenians are in the majority, continues to seethe below the surface. Armenian leaders, and many Armenians in Moscow, are dismayed at the Soviet leadership's decision last month to rule out the transfer of Nagorno-Karabakh to the Armenian republic.

However, Mr Genrikh Pogosyan, the Karabakh party leader, writes in Moscow News that he can still "face his people with tranquility" after the rejection of boundary changes.

Other reports yesterday pointed to the intolerable strain that perestroika is putting on some Communist party officials. The party newspaper Pravda said eight ideology cadres in the Far Eastern territory of Primorsky had resigned because of fear of what the reforms would bring.

Pravda did not say why at least eight people were needed to maintain ideological purity in Primorsky. But it did urge the selection of the right, perestroika-minded people for party posts.

# East bloc nations try to channel freedom

By Leslie Colitt in Berlin

THE HUNGARIAN and Polish governments have warned their citizens against organising politically-oriented groups when new laws on the right of association and assembly enter force in both countries.

Tens of thousands of independent organisations have sprung up in Hungary and Poland, where the authorities want to channel "alternative" views while prohibiting autonomous political groups.

Mr Gyoergy Fejti, a central committee secretary of the Hungarian Communist Party, said in a recent speech that the aim of the new law was to move "people out of a state of indifference and apathy." He warned, however, that those whose views diverged from the party's official standpoint and formed groups would have to be "unequivocally distinguished from persons and groups which are against socialism."

The Polish government spokesman, Mr Jerzy Urban, said that associations could be formed, but not "political parties or trade unions." He referred to the "unfortunate experiment" in 1981 when the Solidarity trade union became a political organisation.

Mr Wladyslaw Jonkisz, a central committee member, noted that under the planned Polish law on associations, citizens' groups would be allowed to operate under the principle of "everything is permitted which is not prohibited."

A team of Hungarian officials and academics has been working for months on a draft of the proposed new law on assembly and associations. It is expected to be presented to Parliament later this year.

Under the old regulations it was extremely difficult for citizens to set up their own organisations. At present a kind of limbo exists in Hungary under which several newly-formed independent groups with a distinctly political flavour have neither been banned nor approved. One of them is the Independent Trade Union for Scientific Workers which is tolerated by the authorities who, however, quickly set up a rival.

One of the most active organisations is the Federation of Young Democrats (FIDESZ), a student association which last April began organising on the territory of the dwindling KISZ Communist youth organisation. Although the leaders of FIDESZ were threatened with reprisals they refused to buckle. Some Hungarian party officials suggest that FIDESZ will be allowed to operate if it does not organise nationally.

The Government has reacted to the FIDESZ threat by announcing that a new National Council of Hungarian Youth will be set up in the autumn to co-ordinate the activities of the official and alternative youth organisations. Youth groups representing social democratic and liberal ideals which were banned 40 years ago are to be revived.

Under the new law ordinary associations will register with the authorities, while socio-political organisations will need a presidential council licence.

The Budapest authorities moved swiftly earlier this year to squelch an attempt by some 150 angry young Hungarian journalists to set up an "openness club" which would see to it that glasnost prevailed in the Hungarian media.

The journalists were told that the time was inopportune to organise such a club but were assured that the Government intended to pass a new press and information law.

# Belgrade to speed up freeing of prices and imports

By Aleksandar Lebl in Belgrade

THE YUGOSLAV Government has decided, in the light of favourable trade figures, to accelerate its programme of liberalising prices and imports, Mr Milos Milosavljevic, the vice-Premier, announced this week.

Comparing the first seven months of 1988 with the corresponding period of 1987, total exports went up by 14.1 per cent to \$6.69bn, while sales to industrialised countries rose even faster, by 25.3 per cent to \$3.77bn. Imports, meanwhile, increased by only 1.6 per cent to \$7.02bn; with industrialised countries the increase was 1.8 per cent to \$3.98bn.

This left the total trade deficit for the first seven months of 1988 at \$133m, and the shortfall with industrialised states was \$214m: both figures are much lower than projected.

Officially recorded tourist revenues are expected to exceed \$2bn this year, while spending by visitors may in practice yield almost \$3.5 bn.

The improvement in external finances follows a sharp depreciation of the dinar, which has almost wiped out the difference between official and black market rates, and a shortage of dinars due to tight monetary and wage policy.

With the debt rescheduling programme completed, Yugoslavia has several billion dollars to spend on importing investment goods to modernise the economy, and to import consumer goods to challenge local monopolies.

The administrations of Yugoslavia's six republics and two provinces are unhappy about the latter idea, and the Belgrade Government is expected to ask the federal presidency to issue a temporary decree overruling the republics.

In addition to import liberalisation, some tariffs and other levies on imported goods will be lowered to make them more competitive. There will be a scaling-down of regulations which allow local manufacturers of equipment to veto the import of goods which they are capable of producing.

This month more prices, rates and fares were liberalised, so that some 70 per cent of all prices are now formed freely. The new price regime has fuelled inflation, and the target of 90-95 per cent, to which Yugoslavia has been committed by the IMF is now certain to be overshot.

However, even an inflation rate of 130-140 per cent, under a liberalised price regime, would mark an improvement over last year, when inflation was 170 per cent despite attempts to enforce a price freeze.

In addition to raging inflation, Yugoslavia's main problems include stagnating or falling industrial output, dinar illiquidity of companies and banks, and rising social tensions because of falling real wages. On top of that has come the drought, which will take a heavy toll

● The FENI ferro-nickel mine and smelting plant in Macedonia, which was closed in the late 1970s with hard currency losses amounting to \$600m and a similar dinar shortfall, may be reopened in view of the rise in the world price of nickel.

# Stoltenberg opposes further rise in dollar

By David Goodhart in Bonn

MR Gerhard Stoltenberg, the West German Finance Minister, has spoken out for the first time against a continuation of the dollar's recent rise.

He told journalists in Bonn that any further rise in the dollar would be counter-productive and would lead to higher German interest rates and import prices, and would also threaten the progress being made in tackling trade imbalances, especially in the US.

Mr Karl Otto Pöhl, President of the Bundesbank, echoed these sentiments in a magazine interview saying a higher dollar was in nobody's interests.

The dollar slipped two pfennigs against the D-mark and was fixed in Frankfurt at DM1.898, down from Wednesday's DM1.92.

Analysts expect the authorities to do all they can to avoid a further rise in German interest rates. Mr Stoltenberg stressed that the mark remained stable within the EMS and there were specific reasons for weakness against the dollar, sterling and yen.

He is clearly speaking out against a further rise in the dollar, with the backing of the other G7 countries, but he said no G7 meeting was planned before the IMF meeting in September.

The West German Government is worried that the combination of a weakened mark and an investment boom across much of the industrialised world, which especially favours German capital goods exporters, will slow the considerable progress being made in the reduction of Germany's current account surplus.

Mr Stoltenberg pointed out yesterday that in the first five months of this year exports had risen 2 per cent in value and imports 4 per cent, producing a reduction in the surplus of DM5.5bn, or 15 per cent, on the same period last year.

The West German Finance Minister, who has struggled through a difficult six months in domestic politics, was looking more buoyant than usual as he also surveyed Germany's better-than-expected economic prospects and promised a sharp cut in industrial subsidies.

However he stressed that the higher tax revenues for 1988 – of between DM2.5bn and DM4bn – which resulted from GNP growth creeping up to 3 per cent would be used to reduce the budget deficit next year rather than cut the DM8bn increase in consumer taxes scheduled for 1989.

For the current year he expects a budget deficit (states and central government) of DM68bn, or 3.2 per cent of GNP, which reflects a 2.5 per cent increase in public spending, slightly higher than expected. Next year, thanks to higher tax revenues, the deficit should be reduced to between DM50bn and DM53bn, about 2.4 per cent of GNP, despite a 4.6 per cent rise in public spending.

That rise in spending is accounted for by an extra DM3.3bn to the Federal Labour Office, DM2.45bn to help the poorer states deal with a rising social security bill and DM2.8bn to cover export credits. Nevertheless, Mr Stoltenberg said, the average annual increase in public spending has been 2.5 per cent since 1983 compared with over 7 per cent in the 1970s.

He aims to reduce the budget deficit to 1 per cent of GNP, but reforms to the pension and health insurance system, due before the next election in 1991, may at first increase the public burden.

After the further reduction in income tax of DM19bn in 1990, income tax will represent only 22.7 per cent of GNP (excluding pension and health costs), the lowest since 1960.

In 1990 the central Government's proportion of tax revenue will also have fallen to 45.2 per cent from 54.2 per cent in 1970.

# Opposition rivalries keep Zia on top

**Christina Lamb considers the career of Gen Zia as ruler of Pakistan**

ELEVEN YEARS at the top is a long time, particularly in a country as unpredictable as Pakistan. General Mohammed Zia-ul Haq has ruled Pakistan for a quarter of its lifetime: first as chief martial law administrator, and then as president, after ousting the elected Prime Minister, Mr Zulfikar Ali Bhutto, in a military coup in 1977.

Ironically, Mr Bhutto had chosen Gen Zia to head the army because he considered him unlikely to pose a threat. Since then, Gen Zia has not only confounded all expectations by consolidating his power, he has also improved his image by taking in 3m refugees from Afghanistan, if not entirely for altruistic reasons.

Today there is a tendency to overestimate Gen Zia. The West treats him with caution, while political parties seem unable to envisage a Pakistan without him. Gen Zia himself is more realistic. Referring to his 1977 promise of elections in 90 days, which finally materialised in 1985, 90 months later, he admits: "I do not have a very good track record."

Yet, in a recent Gallup poll, 75 per cent of those questioned said Gen Zia was the leader they most admired for his honesty. A myth has grown around Gen Zia, enabling him to get away with delaying the party-based elections he promised within 90 days on May 29 this year until November and on a non-party basis.

Living in Pakistan it is almost impossible to shake off the feeling that Gen Zia always has several more cards up his sleeve. The President is adept at escaping tricky situations. On Christmas Day 1979, when Gen Zia's image was at an all-time low after the hanging of Mr Bhutto and the brutal crackdown on political activists, Soviet tanks rolled on to the streets of Kabul. The US, searching for a new, friendly, frontline state to replace Iran in stopping the spread of Communism, seized on Pakistan. In return for helping to channel US aid to his Moslem brothers in Afghanistan, Gen Zia was transformed on editorial pages around the world from barbarous hangman to defender of the frontiers of the free world.

Now the Soviets are leaving and Mr Reagan retiring, Gen Zia knows Afghanistan is no longer the trump card which let the State Department ignore Pakistan's nuclear programme and continue to send aid. Gen Zia dismisses reports that if Mr Michael Dukakis is elected US President in November (just before Pakistan's elections) military aid to Pakistan will stop. "That is just a political promise. Besides I hope and pray George Bush wins."

The aid flowing into Pakistan has certainly made the country richer. The economy defies all normal constraints to achieve an impressive growth rate of 6 per cent per annum despite an almost total lack of infrastructure and one of the world's lowest investment rates as a proportion of GNP.

Much of the money comes from smuggling arms and drugs and Gen Zia admits "corruption has reached alarming proportions." It was to dissociate himself from such problems that in 1985 elections were finally held on a non-party basis. Gen Zia got himself a parliament and Prime Minister to take the rap, while making sure the revived constitution gave the real power to the President.

The experiment did not work as expected. Gen Zia's handpicked Prime Minister, Mr Mohammed Khan Junejo, who claims "Zia will never find another assembly as friendly as us," continually overstepped the mark. Forever the general, Gen Zia could tolerate his Prime Minister only as second in command. Losing patience, he dismissed the Government on charges equally applicable to his martial law regime.

Since then Gen Zia has looked like a man running out of options. His assertion that the majority of Pakistan is in favour of non-party elections rings hollow when he himself admits the 1985 experiment failed. His long-time supporters, the right-wing religious party Jamaat Islami, have deserted him for his main enemy, the Pakistan People's Party (PPP). Gen Zia retaliated with the Shariat ordinance to make Islamic law supreme, but instead of winning back conservative support the move was denounced by all religious parties as "a cheap trick".

The opposition gained further momentum with a Supreme Court decision to lift the ban on political parties, and an unpopular budget which has had traders on strike and the business community hammering at the President's door. Moreover, there is confusion over what happens in October, when both the budget and Shariat become illegal as the constitution a caretaker cabinet's measures only four months' validity.

Zia: eleven years

Both on the political and legal fronts the opposition is stronger than it has ever been under Gen Zia. But, at 63, Gen Zia is not giving in. Rumour has it that the election date coincides with the delivery of PPP leader Ms Benazir Bhutto's first baby. However, Ms Bhutto's close advisers say that she can play Gen Zia at his own game, and the birth may in fact be as early as September.

Gen Zia has more subtlety than to prevent his detractors from participating in the elections. He knows it would be impossible to form a Government from an assembly spawned by non-party elections comprising such divergent personalities as Ms Bhutto and Mr Wali Khan, all anxious for power. Gen Zia will select as Prime Minister someone like Mr Ghulam Mustafa Jatoi, with a large standing but small party, as well as serious personal differences with Ms Bhutto. The future Prime Minister will be dependent on Gen Zia's patronage, and many parliamentarians, with no party discipline to stop them, will cross the floor in quest of power.

The opposition's main chance lies in an agreement to put up single joint candidates in each constituency, with the sole purpose of forming a temporary assembly to oust Gen Zia.

However, they trust each other no more than they trust the President. Their threat to hold public meetings across the country is unlikely to bring people on to the streets. People have been fired on once too often and their most recent experience of democracy under Mr Bhutto ended in severe disappointment. Today they are much richer and freer than they were 10 years ago. Until pocket books begin to suffer, Gen Zia's regime is an evil the people of Pakistan seem prepared to tolerate.

# Paris suburb dreams hopefully of Dallas-sur-Seine

**The citizens of Ivry are looking to Elf-Aquitaine's drilling rig for a miracle, writes Georges Graham**

IF YOU try very hard, you can just see the Eiffel Tower in the distance. More likely, you will notice the derelict ball-bearing factory on your right, and the power station now being demolished on your left.

At last, however, it just might be Ivry-sur-Seine's turn to hit the jackpot. For there, in the middle of this grim industrial borough on the banks of the river Seine, rises the first exploratory oil well in the Paris region.

It is difficult to imagine the Paris suburbs as a new Abu Dhabi. Elf Aquitaine, the French oil company which is operating the drilling rig, puts the chances of striking oil at no higher than one in 20, with the prospects of actually being able to pump and sell this oil more distant still.

But Ivry could certainly use the miracle. A crucial link in the "red belt", the chain of Communist-dominated municipalities which girdles central Paris, Ivry has seen factory after factory close its gates and badly needs new businesses to give a boost to its crumbling industrial fabric.

"Ivry is one of the worst examples of a Communist-controlled municipality," complains one critical resident. "The town hall has systematically put the brake on any form of property development to avoid seeing its working class electorate diluted."

A symbol of Ivry's industrial decay is the empty SKF ball-bearing factory, standing 50 yards away from Elf's drilling rig. The Swedish group closed the plant in 1983, with the loss of 439 jobs.

After months of occupation by the Communist CGT trade union, the SKF factory was stormed by the CRS riot police. The pitched battle between CGT militants, armed with catapults, and CRS, using tear gas and, allegedly, rubber bullets, led to 99 injuries, many of them serious, in one of the worst outbreaks of labour unrest France had seen in years.

Just next door stands a more hopeful symbol, the new printing plant being built for Le Monde, the distinguished afternoon newspaper. The plant has already suffered a setback, since the Hachette publishing group has abandoned its plans to bring out a new daily paper, which was to use some of the printing capacity.

Talks are now under way, however, with the Libération newspaper and the Amaury group, publisher of the sporting daily L'Equipe, on a joint printing plan focused on the Ivry works.

Ivry's town hall is enthusiastic about the new oil well. Officials note with some relish that any oil extracted would be, in a way, filched from their neighbours across the river in Alfortville. Elf could not find a site directly above the 2,000m deep geological formation it is targeting, so it is drilling on the slant from the Ivry site, a kilometre away.

"The drilling site does not create too much of a public nuisance, and if there is oil down there we may get some small royalties," says Mr Gilbert Ridouh, deputy mayor. "But above all it brings us the media spotlight, which is important for a zone in the throes of renovation."

The urban site has cost Elf around FFr10m (£917,000), some 10 per cent more than usual. Most of the additional cost comes from having to drill diagonally, with the extra money spent on sound insulation and tarmac, to reduce the dirt, offset by the lower rental cost of a site which is only a third of the normal acreage.

The whole Paris basin, stretching west to the Normandy coast and east to the Vosges mountains, contains an estimated 40m tonnes of oil reserves, with very low gas and sulphur content.

Oil production began in 1958, and total output has climbed rapidly in recent years to reach 1.95m tonnes in 1987, 60 per cent of total French production. Esso is the largest French producer, followed by Elf, Total and Triton.

It is tempting to think that the next stop might be the Champs-Elysees. Elf has taken seismic soundings along the famous avenue, and even drilled 70m down to check its geological findings. In fact, however, Paris's airports are among the next targets, with drillings planned for both Orly and Roissy.

Just so long as they don't delay for take-offs even more.

# Indian bankruptcies up

THE number of Indian companies that are technically bankrupt has been rising at an alarming rate according to a study by the Federation of Indian Chambers of Commerce and Industry. David Housego reports from New Delhi.

Over a period of four years, the number of what Indians call "sick" companies – those in which accumulated losses exceed net worth – has risen by over 80 per cent to almost 150,000. Their outstanding bank borrowings in 1986 amounted to Rs48.7bn (£2bn).

The federation reckons that only 10 per cent of such companies can be put back on their feet. It says the sectors most in difficulty are textiles, engineering, sugar, jute and iron and steel. Though the bulk of the companies sinking into bankruptcy are small, most outstanding loans have been run up by large companies.

In a recommendation that it concedes will not find favour with the Government it says: "Unviable units should be allowed to die. Only the efficient units can survive competition."

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# Merchant banks linked to Hong Kong charges

By Michael Marray in Hong Kong

EIGHT former officials of the Hong Kong Stock Exchange appeared in court yesterday charged with offences under the colony's Prevention of Bribery Ordinance.

The eight stand accused of accepting beneficial interests in allotments of shares from companies floated on the stock exchange during 1986 and 1987. Several leading merchant banks were named in the charges as having allotted shares to the accused.

It is alleged that Mr Ronald Li, the former chairman of the Stock Exchange, accepted a beneficial interest in an allotment of 500,000 Cathay Pacific Airways shares from Wardley Limited in May 1986 at the issue price of HK$3.88 (29p) per share.

In addition Mr Li is alleged to have accepted HK$650,500 from Wardley as commission for the sub-underwriting of 13m Cathay shares. Cathay was one of the most sought-after share issues ever in Hong Kong, and the shares closed at HK$5.20 on the first day of trading.

Another charge alleges that Mr Li accepted from Baring Securities a beneficial interest in an allotment of 1.2m new Hysan Development shares in August 1987.

Mr Li is also alleged to have been allotted 1.68m QPL Holdings shares by Citicorp International, 200,000 Video Technology International shares by Wardley, as well as 900,000 shares from the local subsidiary of Japanese construction company Kumagai Gumi.

Various other charges against the seven remaining defendants involve allegations that allotments were received from Baring Securities, Citicorp and Wardley in the shares issues of Hysan Development, QPL and Video Technology respectively.

It is a commonly heard complaint locally that share issues on the stock exchange during the past few years were underpriced. This often led to massive oversubscriptions, and substantial stagging profits for those who received allotments.

Since Mr Robert Fell took over as chief executive of the exchange earlier this year it has been made clear that pricing of new share issues is now left to companies and their financial advisers, and that the Stock Exchange listings committee has no say in the matter.

It is also understood that consideration is being given at the Stock Exchange to abolishing the traditional queue system for flotations, under which companies seeking a listing had to seek a place in the queue. This led to a situation where companies jostled competitively in order to secure a time slot for share flotations.

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Hong Kong's merchandise trade grew by 29 per cent in the first half of 1988, according to figures released by the Census and Statistics Department yesterday, Michael Marray writes.

During the six month period it was the colony's ballooning re-export trade which led the way. This was valued at HK$117.3bn, an increase of 46 per cent over the same period last year. Of the total HK$39bn went China, up 50 per cent.

Domestic exports during the first half rose by 11 per cent to HK$95.6bn (£7.2bn), with increases of 29 per cent into China and 20 per cent to the UK. This, together with 14 per cent more domestic exports to West Germany and Japan, helped offset a 1 per cent decline in the value of Hong Kong-made goods bound for the US, the colony's largest market.

In the other direction there was a 32 per cent leap in imports from the US, which contributed to a 29 per cent increase in total imports at HK$221.7bn.

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# Protests paralyse towns in Burma

By Richard Gourlay in Bangkok

RANGOON and towns throughout Burma remained paralysed yesterday as protests against the Government of President Sein Lwin showed no sign of dying down despite four days of brutal military suppression, diplomats in Rangoon and returning tourists in Bangkok said.

The army continued sporadically shooting into crowds of protesters, who are demanding democracy and cuts in rice prices, and in one case two girls were bayonetted, a diplomat said on Wednesday night.

According to official reports, more than 80 mostly unarmed people have died, and 1,500 have been arrested as trouble has flared in 26 towns throughout Burma in unco-ordinated rejection of a generation of autocratic military rule.

Diplomats estimate that the casualties could be much higher in Rangoon alone and said truck loads of protestors are being taken out of the city by the army. Burmese officials broadcast pleas on state owned radio for the public to resist the efforts of "rowdies" who they said were trying to bring down the Government.

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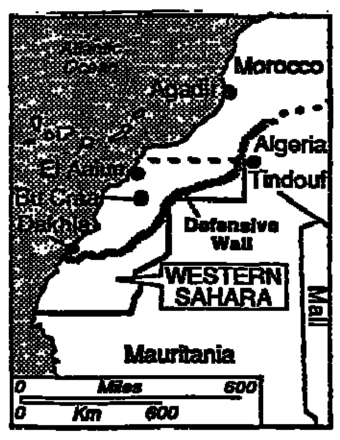
# UN acts on Western Sahara war

## Francis Ghilès reports on the prospects for peace in the Maghreb

REGIONAL REALITIES, domestic pressures, and an ingenious diplomatic compromise may be combining to break the deadlock in the 13-year war over Western Sahara.




Since 1975 Algeria, the main backer of the Polisario Front, which is seeking the territory's independence, and Morocco, which has claimed it as an integral part of the Kingdom, have been at loggerheads over the future of the former Spanish colony. Western Sahara's two most important assets are large phosphate deposits at Bu Craa, and rich fishing grounds off its Atlantic shore.

Both Algeria and Morocco are today increasingly preoccupied on the home front. The two Governments are committed to radical structural reforms of their economies, and managing heavy foreign debt – $18.5bn for Morocco, $21-22bn for Algeria.

Over the past few days the UN Secretary General, Mr Javier Perez de Cuellar, has been attempting to break the deadlock with a compromise calling for a ceasefire and referendum of the citizens of the Western Sahara, including those living in refugee camps.

A formal proposal was presented yesterday in New York to Mr Abdellatif Fillali, the Moroccan Minister of Foreign Affairs, and to senior representatives of the Polisario Front. Much diplomatic groundwork has already been done. The resumption of diplomatic relations between Algeria and Morocco three months ago was followed by two weeks of direct negotiations in the Saudi city of Jeddah last month. A Moroccan delegation, which included a member of King Hassan's family, met senior members of Polisario in a move which suggests that the three parties to this conflict are genuinely seeking a settlement.

The first issue they must address is what question, or questions, are going to be asked in the referendum. Until recently, the Moroccans had insisted that whatever the question, the answer must provide recognition that the territory was a legitimate part of the Kingdom. Polisario countered by insisting that whatever the question the only acceptable outcome would be independence. Over 70 countries already recognise the Saharan Arab Democratic Republic, proclaimed in February 1976.

It now appears that a question proposing autonomy under the Moroccan crown could provide an answer to satisfy both sides.

The conditions under which a referendum would be held has proved a second bone of contention. The Moroccans have, until recently, refused to withdraw any of their 100,000 troops from Western Sahara. It now seems they might be prepared to take at least half, if not three quarters of that number out and consign the remainder to barracks. The Moroccan administration would remain, but a 2,000-strong UN peace force would monitor the run-up to the referendum planned for some time next year.

If agreement on both these points is reached, the third bone of contention – exactly who is a genuine Sahraoui – becomes less important. Any visitor to the Province du Sud, as the Moroccans call the West Sahara, discovers that many of the locals boast a distinctly northern Moroccan accent. And the Polisario camps, which officially hold 170,000, have been swollen by truckloads of drought-stricken Tuareg nomads from neighbouring Mali.

The cost of the Western Saharan conflict, especially for Morocco, is clearly proving increasingly burdensome for the two leading powers in the Maghreb. Saudi Arabia has given billions of dollars to King Hassan to help him buy US and French weapons over the years, but is now pressing the ruler of Islam's most western lands to reach a settlement.

Mr Chadli Bendjedid, the Algerian head of state, for his part, is engaged in a major effort to liberalise and restructure his country's economy, at a time when its foreign income, derived from oil and natural gas, has halved in two years. Although anxious to ensure an honourable settlement, he does not share the zeal of his predecessor, Mr Houari Boumedienne, in wanting to be seen fighting injustice wherever it existed.

It may well turn out that what the Maghreb states have in common – namely fast-rising populations, a growing need for new jobs, the difficulties of external debt servicing, potential problems posed by Moslem fundamentalism alongside growing domestic pressures for greater freedom of expression – will help resolve the issue which for so long has divided two of its members.

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# Gadaffi offers to pay West Bank salaries

By Andrew Whitley in Jerusalem and Tony Walker in London

COLONEL Muammer Gadaffi, the Libyan leader, has offered to pay the salaries of some 20,000 former Jordanian Government employees laid off last week, after King Hussein of Jordan severed administrative and legal ties with the Israeli-occupied territories.

Col Gadaffi said in an interview with Radio Monte Carlo that "Libya announces through your radio station that it will take the responsibility of paying the salaries." Col Gadaffi estimated the cost would amount to about $1m a month.

The Israeli Government described as "ridiculous" the Libyan proposal, saying "we have the responsibility in these territories. We are in charge and the inhabitants are under our auspices, and we are taking care of them as we have for 21 years."

Meanwhile, the Jordanian Government has wasted little time in halting payments to its former employees in the West Bank and on development projects in the Israeli-occupied region.

Mr Midhat Cana'an, senior manager of the Cairo-Amman Bank – previously used by Jordan to transfer money to the West Bank – said yesterday that all payment orders connected with the scrapped Jordanian development plan for the occupied territories were halted on July 31.

Jordanian officials are preparing for a high level Palestine Liberation Organisation delegation to Amman that will be led by Abu Mazem, a member of the PLO Executive Committee. The visit will provide the first opportunity for comprehensive discussions with Jordan since the King announced last week he was yielding direct responsibility for the West Bank to the PLO.

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# Fiji urged to start economic reform

Chris Sherwell reports on the recommendations of an Australian study

FIJI'S republican rulers should undertake a drastic programme of deregulation and privatisation and guarantee basic civil and economic rights if their racially-torn country is to avoid economic failure, according to new study published today.

The study*, by three Australian academics, offers the most detailed analysis of the Fijian economy since the South Pacific archipelago underwent two military coups and five changes of government in the space of six months last year.

The first coup, in May 1987, followed the April election victory of an Indian-dominated multiracial coalition over the ethnic Fijian government led by Ratu Sir Kamisese Mara. By November the man behind the coups, Brig Sitiveni Rabuka, had re-installed Ratu Mara, as leader of a republican Fiji without a constitution.

According to the Australian study, real per capita incomes in Fiji fell by 13 per cent in 1987 and will fall again this year. Unemployment could reach 20 per cent by the end of 1988. The annual inflation rate is 20 per cent. Capital flight is put at F$120m (£49m) a year, despite controls, and the authors say there is a danger Fiji's foreign loans will have to be rescheduled.

The dramatic contraction in living standards is described as comparable to that seen in Europe between 1938 and 1946, and the authors urge Australia to initiate a three-to-five-year "Marshall Plan" in which aid for reconstruction is made conditional on specific policy reforms and is then phased out.

The plan's aim, they say, must be to set a framework for individual initiative and self-help, and to replace Fiji's post-colonial structure of central government planning, of numerous state enterprises and of high public sector employment, over-regulation and patronage.

Their lengthy catalogue of proposed changes includes an end to import and export licencing and tariff protection, a sell-off of government enterprises and educational institutions, deregulation in the financial sector and of wage-fixing, and – perhaps most controversial – the commercialisation of the use of traditional (meaning ethnic Fijian-owned) lands.

Behind these proposals lies the authors' belief that the turmoil of 1987 has its roots less in the racial division between ethnic Fijians and Indians than in the country's poor economic management and performance over many years.

The way forward, the authors maintain, is a move into the modern world, the promotion of self-reliance among ethnic Fijians and an attempt to ensure all Fijians get starting opportunities that are as equal as is feasible.

"If indigenous Fijians use political control to obtain preferment by intervention and positive discrimination in a big and inefficient state sector, the long-term prospects are that there will be more racial tension and long-term economic decline," the authors declare.

**Fiji: Opportunity from Adversity?* by Prof Wolfgang Kasper, Dr Jeff Bennett and Prof Richard Blandy (Centre for Independent Studies, Sydney; 1988).

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# Japan advertiser threatened

A RIGHT-WING Japanese group yesterday claimed responsibility for an incident in which a shot was fired at the home of Mr Hiromasa Ezoe, who recently resigned as chairman of Recruit, a company embroiled in a stock exchange scandal, Stefan Wagstyl writes.

It appears the attack was connected with the fact that Mr Ezoe's company is a big advertiser in Asahi Shimbun, a leading liberal newspaper. The Army of Red Patriots is believed by police to have claimed responsibility for four recent attacks on Asahi staff and offices. No-one has been charged over these incidents.

## AMERICAN NEWS

# US limits troop outlay in message to Nato allies

THE US Senate yesterday approved new restrictions on spending for American troops overseas as a message to US allies in Japan and Europe to do more for allied defence, AP reports from Washington.

The decision came as the Senate tried to finish a defence bill that President Ronald Reagan will sign, the main item on its agenda before a summer recess for next week's Republican presidential convention.

The Senate gave voice vote approval to a "burden sharing" proposal backed by Democratic Senator Sam Nunn, chairman of the Armed Services Committee.

The plan orders a major review by the Defence Department of US overseas commitments, a new limit on US troop deployments to Japan and South Korea, and a new ceiling on spending for US military personnel stationed overseas. US allies would have to pay for the American troops if the costs rise above the 1988 levels.

But before adopting the amendment, the Senate voted 59-36 to eliminate a provision for a 10 per cent reduction in the total of American dependents stationed overseas with servicemen.

There has been an increasingly loud chorus of election-year congressional calls for more defence help, particularly from Japan and European members of Nato.

"Despite the shift in economic fortunes" since the Second World War, "the US bears a disproportionate share of the cost of the common defence," Mr Nunn said on Wednesday.

"Someplace, sometime, we have to draw the line," said MrNunn. "I hope this will stimulate a more equitable burden-sharing."

Democrat Robert Byrd, who heads his party in the Senate, said, "There have been legitimate complaints in the United States that we are bearing a disproportionately large burden in Nato today."

Earlier on Wednesday, the Senate voted to add a Defence Department spending plan praised by Mr Reagan to its latest defence budget effort.

In addition, the chamber, with all Republicans voting no, voted 49-47 approval of a Democrat-backed plan to provide $27m in humanitarian aid to Nicaragua's Contra rebels after October 1.

The vote could mean a possible second vote in Congress this autumn on releasing $16.3m in stockpiled weapons to the Contras, who oppose Nicaragua's left-wing Sandinista Government.

Last week, President Reagan vetoed a bill which authorises the Pentagon budget for the fiscal year starting on October 1. He specifically objected to cuts in his budget for Star Wars, the proposed space-based anti-missile system known formally as the Strategic Defence Initiative, and to Democrat-backed restrictions on arms control policies.

President Reagan vetoed the defence bill despite the advice of Defence Secretary Frank Carlucci and National Security Adviser Colin Powell, who both said it should be signed. They were involved in earlier negotiations with congressional leaders over the legislation.

A presidential veto sends a bill back to Congress, where it takes a two-thirds majority to override it.

# Republicans focus on Contra aid

**By Lionel Barber**

THE Republican party has decided to make future aid to the Nicaraguan Contra rebels a big presidential election issue, it became clear yesterday.

After debate in the US Senate, the Republicans refused to join a Democrat-sponsored package to provide $27m in non-lethal, humanitarian aid to the Contras and so the measure passed 49-47 on partisan lines.

The proposal also included setting up a process whereby Congress could release $16.3m in stockpiled arms to the Contras later this year. A bipartisan Senate vote may have blunted Contra aid as an election issue.

The Republicans, egged on by the White House, claimed that the package was not satisfactory and should have provided immediate military support to the Contras, whose forces are beginning to break apart in Nicaragua.

The Senate Majority leader Mr Robert Byrd said he had tried to fashion a bipartisan package in good faith. "You can inscribe your name in blood on a shaft of marble and they still won't believe you," he said, adding that he was "sick and tired of a White House with no steel in its guts."

Such language from Senator Byrd, 70, is unusual. He is due to step down as majority leader this year, and one reason is that Democrats think he is too mild in front of the TV cameras.

But the White House reckons it has an issue. Republicans can cry "Democrat sell-out" and they can try to exploit the divisions on Contra aid within the Democratic party and the presidential ticket – where Governor Michael Dukakis opposes any form of Contra aid while his running mate, Senator Lloyd Bentsen of Texas, favours it.

# Mexico anti-inflation pact under pressure

**By David Gardner in Mexico City**

THE MEXICAN Government yesterday began negotiations with trade unions aimed at renewing the anti-inflation Economic Solidarity Pact, and is facing strong pressure to grant significant wage rises.

The Pact, due to run out at the end of this month, has succeeded in bringing down inflation from a monthly rate of 15.5 per cent in January to 1.7 per cent in July.

Consumer prices have, however, risen well ahead of wages, which have fallen by over a third in real terms since the 1982 financial crisis.

Arnulfo Arias Madrid: three times deposed

# Panama's 'cheated' president dies in exile

**By Robert Graham, Latin America Editor**

THE Panamanian authorities yesterday declared eight days of mourning following the death of the 86-year-old former president, Dr Arnulfo Arias Madrid.

Dr Arias died in exile in Miami still nurturing ambitions of returning to Panama as president.

He claimed he was cheated of victory in the 1984 elections by the Defence Forces, whose candidate, Mr Nicolas Ardito Barletta, won. This prompted him to leave the country, establishing a base in Miami from where he has been a bitter and outspoken opponent of General Manuel Antonio Noriega, commander of the 15,000 strong Defence Forces.

He first became president in 1940-41 but was ousted at US instigation because of his pro-Nazi views. He was president again from 1949-51 before being forced out by the military. Elected once more in 1968, he lasted only 11 days, giving way to the military government of the late General Omar Torrijos.

His political views were erratic and at times racist (he once called for the deportation of blacks), and his charisma led to a popular following among a cross-section of Panamanian society. He was a familiar and latterly paternalistic figure in dark glasses and beret.

# Brazilian Finance Minister returns fire in spending row

**By Ivo Dawnay in Rio de Janeiro**

MR MAILSON da Nobrega, the Brazilian Finance Minister, has counter-attacked in his clash with fellow ministers over their failure to restrain public sector pay rises.

In a symbolic gesture, he has ordered an audit of state companies to determine which have allowed unauthorised pay rises.

The move is being viewed in Brasilia as directly aimed at Mr Antonio Carlos Magalhaes, the Communications Minister. His decision to grant a 35 per cent salary rise for post and telecommunications workers this week provoked widespread reports that Mr da Nobrega was close to resigning in protest.

President Jose Sarney attempted to defuse the pay row on Wednesday by both reaffirming his confidence in Mr da Nobrega and signing a decree law authorising the payment of a salary rise, frozen in April, to all public sector workers.

But, while this has temporarily defused the dispute, the clash has highlighted underlying tensions in the Government between the economics ministers, currently attempting to impose austerity measures, and others determined to defend their sectorial interests.

● BRAZIL'S constitutional assembly has resumed debating the final draft of the new document after succeeding in re-establishing the 280-vote quorum needed to allow voting to be completed.

# Troops to be deployed in Chile poll

**By Mary Helen Spooner in Santiago**

CHILE'S ARMED forces will be in charge of maintaining public order during the forthcoming presidential plebiscite, tentatively scheduled for early October, said Defence Minister Patricio Carvajal.

The commanders of the navy, air force, and national police, along with General Augusto Pinochet, the country's leader, will meet on August 30 to choose the plebiscite's single candidate, who will run in a yes or no election. If this candidate – who could be General Pinochet himself – wins, he will serve for an eight-year presidential term, beginning in March of next year. If he loses, General Pinochet would remain in office another year, when open presidential elections would be held.

Admiral Carvajal said that the military will be placed on alert three days before the plebiscite, and on the day of the voting will stand guard as ballots are counted.

# Ecuador's new President plans emergency economic package

**By Sarita Kendall in Quito**

ECUADOR'S newly-installed Social Democratic President, Mr Rodrigo Borja, is planning an emergency economic programme and is holding talks on a Latin America debt initiative.

In his inaugural speech on Wednesday, before many international figures – including seven heads of state – he said Ecuador was suffering its most serious economic, social and moral crisis.

The 53-year-old President said Ecuador's golden oil era, with inflated public and private spending habits, was over. But he said risk contracts for oil exploration signed with foreign oil companies under the last government would be respected.

Stressing that Latin America's foreign debt was a political problem as well as a financial one, Mr Borja said imaginative, unconventional solutions were needed. He is discussing the possibility of a joint position on debt with other Latin American leaders. Ecuador stopped paying interest on commercial debt at the beginning of 1987, and negotiations on rescheduling did not lead to a new agreement.

The new economic team includes Mr Abelardo Pachano, who has considerable experience in debt problems and external economic policy, as head of the monetary board. Mr Pachano said negotiations with Ecuador's creditors would be slow and difficult, but he hoped a long-lasting agreement could be reached. An economic package with stabilisation as the priority is expected shortly.

Mr Borja was careful to point out that he had no magic economic formulas and stability would have to precede revival of the economy. He promised growth, evenly distributed, as well as policies to create jobs and clear rules for foreign investors. Attacking corruption, he said honesty had become a luxury, and called on all Ecuadorians to work together to find solutions for the country's problems.

Mr Borja met Mr George Shultz, US Secretary of State, for discussions on foreign debt, drug trafficking and terrorism.

Although his predecessor was a staunch US supporter, the new President has promised an independent foreign policy. He has restored diplomatic relations with Nicaragua and yesterday welcomed Mr Daniel Ortega, the Sandinista leader.

Tim Coone adds from Managua: While he is in Quito, Mr Ortega is expected to participate in what is effectively a mini-summit of Latin American leaders.

The Nicaraguan Foreign Minister, Mr Miguel d'Escoto, said his Government was seeking Latin American support for Nicaraguan initiatives to revive the peace efforts in Central America.

# Car sales boost US retail sales

**By Lionel Barber in Washington**

US RETAIL sales rose 0.5 per cent in July, mainly due to strong car sales, according to a Commerce Department report released yesterday.

Excluding car sales, retail sales rose by 0.1 per cent only, a softness which is not reflected in other official figures which show that the US economy is still growing strongly.

On Tuesday, the Federal Reserve, voicing concern about inflationary pressures, raised the key discount rate from 6 per cent to 6.5 per cent. The move led to yesterday's rise in the prime rate to 10 per cent from 9.5 per cent.

The July increase – still subject to revision – was in line with most analysts' expectations. It followed a revised rise of 0.4 per cent in June and a revised 0.8 per cent in May. Earlier the Commerce Department had estimated the June increase at 0.5 per cent and the May rise at 0.8 per cent.

Mr Allen Sinai, the chief economist at Boston Co, in New York, said, the fundamentals for consumer spending remain strong. "You literally have to club American consumers over the head to stop them from spending," he said.

For the seven months of this year, sales were 6.5 per cent above the period a year ago. Sales of all durable goods (those intended to last three or more years) rose $335m, or 0.7 per cent, in July after a June advance of 0.6 per cent.

Sales of non durable goods rose $297m, or 0.4 per cent, in July to $89bn after a 0.3 per cent gain in June.

Sales of building materials fell 1.8 per cent in July after falling 0.9 per cent in June.

# Argentina loan

**By Gary Mead in Buenos Aires**

A World Bank delegation currently in Buenos Aires has approved a $200m loan to Argentina, intended for reform of the financial sector.

According to Mr Jose Machinea, the president of Argentina's central bank, the loan will be disbursed "in the next few days."

## WORLD TRADE NEWS

# New Delhi gives go-ahead for VCR production

**By David Housego in New Delhi**

INDIA is to begin large-scale production of video cassette recorders (VCRs) under a programme expected to boost the electronic components industry sharply.

The Government yesterday said it would let three private-sector companies go ahead making VCRs up to a combined ceiling of 900,000 units a year. Negotiations are also under way for a fourth, public-sector plant, which officials say would provide the competition to force the private companies to hold down their prices.

India has allowed itself to fall behind VCR production in Asia because of the Government's reluctance to license the use of foreign exchange on imported components for consumer goods. Domestic production is currently insignificant.

Official sentiment has now changed, because of the explosion of demand – as reflected in the growing numbers of foreign VCRs brought into the country by Indians returning home – and the expected rapid growth of TV production in coming years.

The three companies granted letters of intent by the Government to make 300,000 units each a year are British Physical Laboratories (BPL), which is India's largest maker of colour televisions and which already has a joint venture with Sanyo of Japan for VCR manufacture; Videocon, which has links with Toshiba; and Bharat Forge.

The public-sector groups still negotiating with Hitachi of Japan over an assembly plant are the Electronics Trade and Technology Development Corporation Corporation (ETand T) and the Electronics Corporation of India (ECIL).

Mr K.P.P Nambiar, Secretary of the Electronics Department, said yesterday that the market for VCRs in India was about 2m units a year. Some 20m Indians own TV sets and domestic output of colour TVs is scheduled to rise to 5m a year by 1995.

The new domestic producers will benefit from a ban on finished imported VCR sets. Indians bringing VCR sets into the country now pay duty of 250 per cent above an initial exempt level of Rs500 (£20).

BPL now makes 2,000 VCRs a year under an earlier licence, which retail for about Rs14,000, including tax. Mr Nambiar said the Government expected domestically-produced VCRs to be sold for about Rs8,000 and competition would help enforce that price.

Over five years the Government expects the imported content of each unit to drop from Rs3,200 a unit to Rs400. Mr Nambiar called the decision to go ahead with VCR production a major step because of the boost it would give to electronics component manufacture. The Government now wants to encourage Indian groups to move into the manufacture of bipolar integrated circuits suitable for VCRs and other consumer electronics products.

# Japan-China investment pact

JAPAN and China have agreed on an investment protection treaty after seven years of talks, Reuter reports from Peking.

Japanese Premier Noboru Takeshita will sign the agreement in Peking this month, the official International Business newspaper said.

It said China had agreed to treat Japanese investors as Chinese companies as regards domestic sales and fund-raising, with free remittance of foreign exchange subject to legal restrictions. China has also agreed to treat Japanese companies registered in third countries as companies of the third country, it said.

The absence of such a treaty has been a big reason for the low level of Japanese investment in China.

A Western diplomat said Tokyo had not been encouraging Japanese companies to invest in China.

"This attitude has changed completely," he said. "It was because of the very sharp appreciation of the yen and fall in the renminbi."

# Brazil threatens Canadian sanctions

**By Ivo Dawnay in Rio de Janeiro**

BRAZIL IS threatening trade sanctions against Canada's annual exports of $200m in sulphur, potash and coal if Ottawa refuses further concessions over long-disputed Brazilian textile quotas.

Three rounds of negotiations between the two countries over the sales of sheets, pillow cases and towelling to Canada have failed to resolve Brazilians' objections that they are being unfairly treated.

Failure to settle the dispute could now jeopardise Canada's hopes of selling Brazil a $150m (£89m) telecommunications satellite system.

## $4bn telephone plan

Indonesia has unveiled a $3.5bn privatisation plan to develop its telecommunications sector, almost doubling the number of telephones by 1994, writes John Murray Brown in Jakarta.

The plan will be funded by both World Bank and the Asian Development Bank soft loans, and private contractors using foreign export credits.

Improved telecommunications is seen as a strategic imperative in a country of more than 13,000 islands in an area wider then the US.

## Foster for Sweden

A further step in the globalisation of Foster's, the Australian lager owned by Elders IXL, was announced yesterday, Lisa Wood reports.

Foster's is to be brewed under license by AB Pripps, Sweden's biggest brewer, the first time the lager has been brewed on the Continent.

## Loan for Turkey

Japan's Export-Import Bank has signed a $400m loan agreement with Turkey, the first such loan to be provided on a programme rather than a project-related basis under the country's scheme for recycling $20bn to developing countries.

The bank said the funds would be made available on an untied basis to finance general import requirements and to support Turkey's plans to restructure its financial sector.

# East and West grope for barter accord

## Judy Dempsey in Vienna reports on efforts to improve economic co-operation

THE PROSPECTS for improving East-West trade could significantly brighten in the autumn, if Western and East bloc diplomats agree on an important economic co-operation document.

For nearly two years, a review meeting of the Conference on Security and Co-operation in Europe (CSCE) has sat in Vienna trying to reach consensus. But a key obstacle to agreement is the establishment of ground rules for compensation trade, the more acceptable term for barter or counter-trade.

The work of the CSCE, whose participating countries include, with the exception of Albania, all the countries of Eastern and Western Europe, the Soviet Union, the US and Canada, is divided into three baskets.

In the past, attention has tended to focus on basket one, military and security matters and on basket three, which includes humanitarian issues.

But for Western businessmen and, indeed, for Soviet leader Mr Mikhail Gorbachev's bold economic reforms, basket two is becoming a highly sensitive and important issue. Its main aim is to improve trade and economic co-operation between East and West. But, in recent months, East and West have become bogged down.

In previous CSCE meetings, compensation trade was mentioned only in passing. Neither the Soviet Union nor its East European allies wished to discuss it. But in Vienna, partly because of feed-back from Western businessmen and partly to create a "fairer market", the West is now insisting that Western managers trading with the East Bloc should be given some formal say about how they will be paid.

The nightmare of any Western entrepreneur is to sign a contract with an East European enterprise not knowing what form the compensation trade will take. A British company was paid by a Bulgarian enterprise a few years ago with an unspecified number of taps.

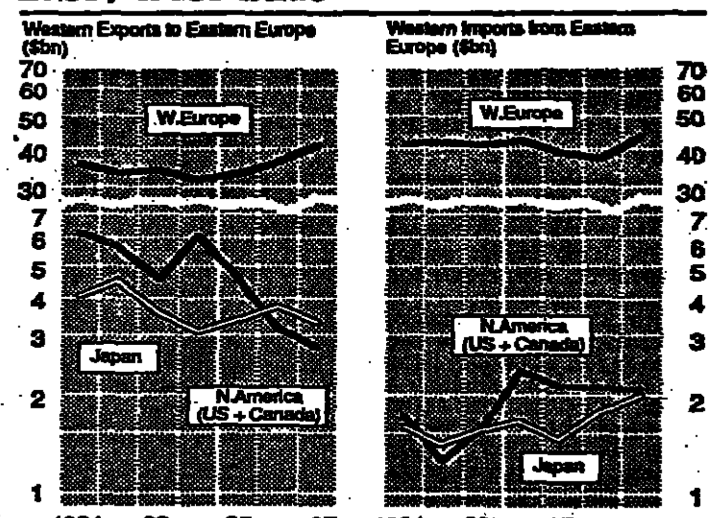
Western diplomats in Vienna are now suggesting that "proposals for compensation transactions be addressed at the beginning of negotiations, and when agreed upon, dealt with in a flexible way."

In practice, this would mean that the Western partner, if he agreed to be paid in compensation goods, would at least be given the opportunity to choose from a list of goods he was prepared to take.

As Western businessmen never tire of pointing out, it is often the case that the goods they get are well below world market standards, so they have to find a middleman who will dispose of the goods

"I don't think you realise how much time I spend sorting out the middlemen. They are crucial. They know the markets for my countertrade goods. Of course they extract a hefty price but do I really want to be stuck with 40,000 outsized Czech mens' hats?" a businesswoman once remarked.

**East / West trade**




E.Europe :- Czechoslovakia, GDR, Hungary, Poland and Romania

Source : ECE Economic Survey 1987/8 Published June 1988

Figures are difficult to come by when trying to assess what percentage of Eastern Europe's foreign trade is paid for through compensation goods.

A study carried out in the mid-1980s by the UN Economic Commission for Europe (ECE), based in Geneva, showed that about 25 per cent of exports by the individual East European countries, including the Soviet Union, were concluded through barter deals.

Western delegations in Vienna seem adamant about fighting for more up-to-date macroeconomic information and statistics.

"It goes even further. What we want is a situation where Western businessmen can go to the enterprise without the heavy hand of bureaucracy and make his own contacts and contracts with the factory manager. In a nutshell, we want better working and marketing conditions," a Western diplomat explained, adding: "Above all, we want statistics of a meaningful kind."

Such a proposal has divided the Warsaw Pact countries. Hungary, followed by Poland, seems the most open and eager to offer figures and statistics to most Western businessmen. Czechoslovakia and Bulgaria lag behind. East Germany and Romania seem to shudder at the thought.

One of the more common ways of attracting (Western) foreign investment is through joint ventures. Western diplomats at the Vienna meeting now reckon that Mr Gorbachev's reforms will improve conditions in this area.

The expansion of joint ventures suits both East and West. But Western delegations at Vienna are saying that the actual conditions should be made more attractive. It may seem a rather ambitious aim, but in the long term, the West hopes for joint ventures which give Western investors fairer working conditions and a more secure legal status.

These would include opportunities to do market research, train the labour force, negotiate costs, consider insurance schemes and be able to choose what to do with the the profits.

This last point inevitably raises the question of convertibility, which does not exist in any East European country.

Western diplomats realise their expectations are high. They equally realise that East-West trade needs a formal structure upon which trade can actually improve, if not flourish.

# Indian clothing industry faces challenge on quotas

**By Alice Rawsthorn**

THE chief challenge for the Indian clothing industry, which has experienced rapid export growth in recent years, is to overcome the problems posed by the international quota system, according to a report by the Economist Intelligence Unit (EIU)*.

In the past decade Indian clothing companies have seen their overseas sales increase almost eight-fold to Rs20.3bn (£956m). But the industry has now reached the ceiling of its export quotas to the US and Europe, negotiated under the Multi-Fibre Arrangement, and its growth may be curtailed.

The clothing companies began by exporting to Africa and the Soviet Union and have since developed significant markets in the US and Europe. There are now over 8,000 manufacturers, concentrated in Delhi, Bombay and Madras.

Some companies have transferred production to neighbouring countries such as Nepal, Sri Lanka and Bangladesh. But the EIU argues that quota restrictions are preventing them from competing freely in the international market.

*"India's apparel export industry" by Sri Ram Khanna; Textile Outlook International, EIU, PO Box 1DW, 40 Duke Street, London W1A 1DW; £60.*

# UK charter flights to Australia

**By Chris Sherwell in Sydney**

AUSTRALIA HAS given Britannia Airways, part of the International Thomson travel group, the go-ahead to operate weekly charter flights "down under" during the forthcoming southern summer.

Britannia's permit allows it to operate a weekly Boeing 767 service from the UK to Perth in Western Australia and Cairns in north Queensland alternately, for 20 weeks starting in December.

The airline, one of the world's biggest charter operators, now flies to the Mediterranean, the Canary Islands, Scandinavia, the Middle East, West Africa and the Soviet Union.

Australia will be its first long-haul destination, and follows the Canberra Government's efforts to promote inbound tourism through charter operations.

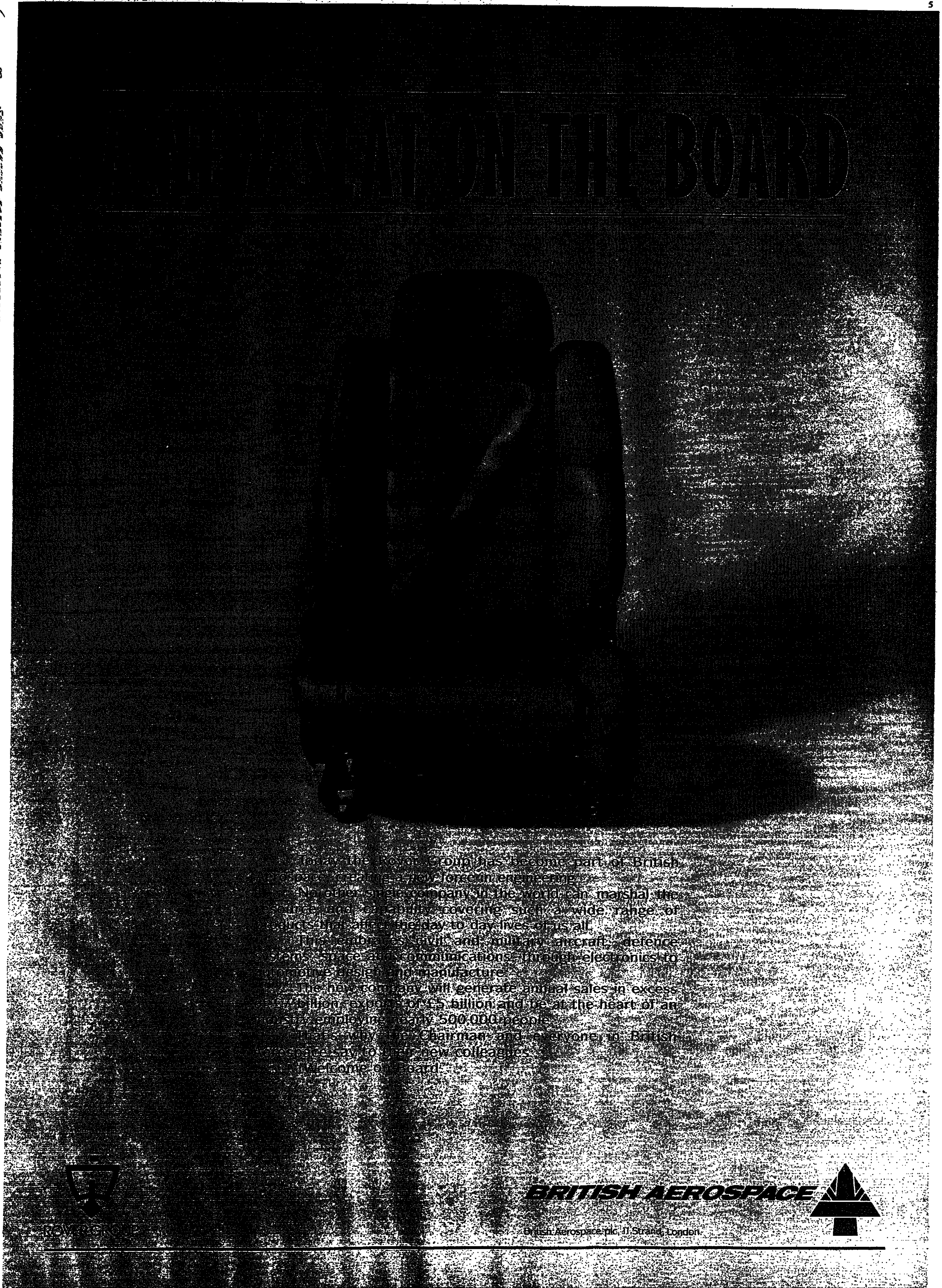
Tickets will be available and on sale only in the UK. Up to 5,000 extra British visitors will result, most on package deals of several weeks' duration.

Capitalising on its decision, Canberra said yesterday its "very liberal position" on the charter programme stood "in marked contrast" to that of the British Government, which "is continuing to block expansion opportunities" for Qantas, the state-owned Australian international carrier.

This was a reference to a continuing dispute between the two governments over air rights to Hong Kong. Qantas has long been seeking greater access to the British colony, and a chance to fly beyond it.

Negotiations have been going on for about two years, and are due to resume in October. Qantas currently operates a daily flight from the East Coast and a weekly flight from Perth, eight per week in all.

Canberra wants Qantas to have the opportunity to fly Australian-origin passengers on to North Asia and Europe. It argues that Cathay Pacific, the Hong Kong carrier, is already offering this service to both Australian and European traffic, and that Qantas should have the same rights.


ON THE BOARD
Today the Rover Group has become part of British Aerospace, creating a new force in engineering.
No other single company in the world can marshal the resource and capability covering such a wide range of products that affect the day to day lives of us all.
This embraces civil and military aircraft, defence systems, space and communications, through electronics to automotive design and manufacture.
The new company will generate annual sales in excess of £7 billion, exports of £5 billion and be at the heart of an industry employing nearly 500,000 people.
That's why the Chairman and everyone in British Aerospace say to their new colleagues
"Welcome on Board".
BRITISH AEROSPACE
British Aerospace plc, 11 Strand, London.

# Investors in UK Clowes fund may get 90p in £

By Richard Waters

INVESTORS IN the UK arm of the collapsed Barlow Clowes investment management group could get back as much as 90p of every £1 they invested, it emerged at a creditors' meeting yesterday.

The news follows the scaling down of a £16m claim against the fund to £6m and the likely ending of an Inland Revenue claim for back taxes worth "several million pounds".

This emerged as Lord Young, Trade and Industry Secretary, deferred a decision on a lifeboat scheme for Barlow Clowes investors until the autumn publication of the report by Sir Godfray Le Quesne, into the firm's collapse.

Mr Tony Blair, the Labour Party's spokesman on the City of London, had proposed the lifeboat to save investors seeking compensation from long court proceedings. Lord Young said, however, that he could not responsibly decide on the proposals until the Le Quesne report had been studied.

Mr Michael Jordan of Cork Gully, who was yesterday appointed joint liquidator of the UK fund, Barlow Clowes Gilt Managers, said he hoped that a "substantial" payment would be made to investors before Christmas.

He refused to be drawn on the amount of the payment. But if the legal complexities surrounding the case are sorted out by October, as lawyers acting for Cork Gully yesterday predicted, then the full amount could be paid out.

At the very least, investors can expect to receive about 50p in £1, assuming that claims against the fund have not been settled.

All investors will not receive the same amount, however. Some, who are unlucky enough to have had their money allocated to trust accounts from which money was diverted to Barlow Clowes International, the group's offshore fund, are likely to receive far less than others.

In all, there are 10 legally separate groups of BCGM investors and it is not yet known how many of these will have to share any losses, said Mr Jordan.

The news was generally welcomed yesterday by nearly 500 investors who packed the Central Hall, Westminster to hear the progress report on the winding up of the UK fund.

Earlier, a heated debate had arisen between investors over whether Cork Gully and Ernst & Whinney, who are joint liquidators of BCI, should also be appointed to handle the liquidation of BCGM. Several argued that this would create a conflict of interest, since BCI has an expected claim of £6m against BCGM.

This claim had earlier been put at £16m. However, £10m fed into BCI from the UK would probably be set against this, reducing the size of BCI's claim, said Mr Jordan.

The joint liquidation was finally approved after Mr Jordan assured the meeting that conflicts would be dealt with by the two firms each representing one side in any dispute.

The 11,000 investors in BCI stand to lose a large proportion of the £138m they put into the offshore fund.

Mr Nigel Hamilton, of Ernst & Whinney, said after the creditors' meeting that his investigations had not uncovered any "pots of gold" which would significantly change the outlook for these investors.

Loans of more than £80m of BCI money, recorded in a book recovered by the liquidators, were proving to be as difficult to recover as had been anticipated, he said. These include unsecured loans to companies controlled by Mr Peter Clowes and loans to business associates, many of which have been disputed by the people who received them.

Mr Clowes has signed over his personal assets, said yesterday to be worth less than £10m, to the liquidators.

Mr Hamilton said he did not know how this would be apportioned between investors in the UK and international funds, although the latter faced a far more substantial shortfall.

# Bank sacks director after £2m inside deal

By Clive Wolman

AN ASSOCIATE director of County NatWest WoodMac, the securities subsidiary of National Westminster bank, has been sacked for carrying out deals in Grand Metropolitan shares worth £2m on the basis of inside information.

The transactions, which netted a £100,000 profit for CNW, mark a serious and embarrassing breach of the "Chinese walls", which are supposed to segregate the different departments of the firm. The information was leaked from CNW's corporate finance department, which advises GrandMet, to Mr Russell Kean via CNW's broking arm. The conversation between the broker and Mr Kean, near Mr Kean's desk, is thought to have been picked up by a tape recorder.

Mr Kean bought about 400,000 shares in GrandMet at lunchtime on Monday, 20 minutes before the company announced that it was seeking a buyer for its Inter-Continental Hotels group at a minimum price of £1.5bn.

The GrandMet share price shot up from 496p to 522p on the announcement. Before Mr Kean's deals, CNW had been "short" of about 200,000 shares which would have caused it to suffer a £50,000 loss when the share price rose. Instead, it recorded with a profit on its holding of about £50,000.

Mr Kean bought the shares from three or four other, rival market-making firms, one of which subsequently complained to CNW. The transactions, which were well above the normal market size of about 100,000 shares, were also noted and pursued by the Stock Exchange's market surveillance devices -and the matter is still under investigation. After the CNW management received and examined the complaints, it sacked Mr Kean and a junior assistant who was working with him.

National Westminster last night refused to disclose any details of the dismissals or the reasons behind it. However it is known to have been negotiating the payment of compensation to the other market-makers who sold the shares.

BANK OF ENGLAND QUARTERLY BULLETIN

# Growth may spur inflation risks

By Ralph Atkins, Economics Staff

STRONG GROWTH could lead to higher inflation while the strength of the dollar may slow the reduction in world trade balances, the Bank of England says in its quarterly bulletin released yesterday.

It paints a picture of buoyant activity and growth rates exceeding expectations, but there are some signs of a slowdown.

Fast growth will lead to falls in unemployment and ease the debt problem in developing countries, it says. However it may intensify other problems.

The Bank gives a warning that rising prices for non-oil commodities will add to inflationary pressures. This could be exacerbated by tight labour markets and high levels of capacity usage – particularly in North America and the UK.

The recent decline in the US trade deficit has been helpful and it has improved at a faster rate than before.

However, the fall could have encouraged over-optimistic expectations – leading to a higher level for the dollar.

GNP/GDP GROWTH IN OVERSEAS ECONOMIES

| | 1986 | 1987 | Q1 | Q2 | Q3 | Q4 | 1988 Q1 |
|---|---|---|---|---|---|---|---|
| US | 2.8 | 3.4 | 4.8 | 5.0 | 4.5 | 6.1 | |
| 3.4 Japan | 2.4 | 4.2 | 8.1 | na | 8.4 | 7.5 | |
| 11.3W Germany | 2.5 | 1.7 | -2.0 | 2.8 | 5.7 | | |
| 2.9 | 5.7 | | | | | | |
| France | 2.2 | 2.3 | 0.2 | 4.5 | 3.6 | 3.2 | |
| 4.5 | | | | | | | |
| Italy | 2.7 | 3.1 | 1.3 | 4.8 | 3.9 | 0.8 | |
| 3.0* | | | | | | | |
| Canada | 3.3 | 3.9 | 6.3 | 5.1 | 7.2 | 6.5 | |
| 3.4 | | | | | | | |
| Total | 2.6 | 3.2 | 3.4 | 3.7 | 5.4 | 5.3 | |

Percentage changes over the previous period at annual rates; at constant prices; seasonally adjusted. *Bank estimate.

Source: Bank of England

This, it says, "may slow the reduction in global imbalances that appears to be under way at the momement."

The Bank devotes a special section to the rise in commodity prices since the beginning of last year and the acceleration from the beginning of 1988. The fastest increases has been in metal prices.

Supply factors have contributed to this upswing, but the strength of industrial production and growing demand from newly-industrialising economists have become a more powerful influence.

Whether more expensive raw material costs feeds into consumer prices depends on the willingness and ability of companies to reduce profit margins. The Bank suggest the strength of profits and the counter-inflationary policies ofindustrialised countries may limit the extent to which commodity prices rises can be passed on to consumers.

The bulletin notes that the concern of Governments has shifted "from sustaining growth to restraining inflation." Monetary authorities in most major countries have adopted a more cautious policy stance, partly reversing the deliberate easing after October's world-wide stockmarket crashes.

It says: "These moves will contribute to the containment of inflationary pressures, and growth in the major overseas economies may be rather less rapid in the second half of the year."

The Bank believes the balance of payments prospects and debt-servicing capability of many heavily-indebted developing countries have improved. Contributing factors include the unexpected strength of activity in industrialised countries and the recovery of non-oil commodity prices after falls during most of the 1980s.

*Quarterly Bulletin, August 1988. Economics Division, Bank of England, London EC2R 8AH.*

# Brake required on British economy

By Simon Holberton, Economics Staff

THE BRITISH economy needs to slow down if a more balanced and even rate of growth is to be achieved. At the same time there are worrying signs that inflation is picking up, the Bank says in its review of the UK economy.

The Bank is clearly more comfortable with the present mix of interest rates and exchange rates in Britain which it believes, on balance, is sufficient to damp down inflation and lead to the necessary slowing in demand.

But the Bulletin underlines the Bank's belief that high interest rates and a strong pound are necessary for the process of adjustment.

There may be signs of a slowing in output, but the Bank points out that there is little indication that the rate of growth in domestic demand is moderating. Moreover, inflationary pressures in the UK have intensified in the past few months.

Problems with the accuracy of official statistics make judgments about a slowdown in output difficult, but the indications are that there has been some slowing relative to the the high rates of output in the second half of 1987.

The Bank devotes a lot of time to the discussion of inflation. It explains the rise in retail prices inflation from its trough in February of a 3.3 per cent annual rate to 4.6 per cent yearly rise in June as a function largely of Budget-induced price increases and higher costs for public utilities.

Its concerns are, however, longer term. Over the past quarter there has been a growing tendency for Britain to import inflation. World commodity prices have risen sharply and this may have a "significant upward effect on inflation in the coming months."

House prices continued to grow rapidly over the past three months and earnings are growing strongly, the Bank says. In the second quarter of this year house prices were rising at an annual rate of 22.3 per cent, compared with 14.6 per cent in the year to the second quarter of 1987.

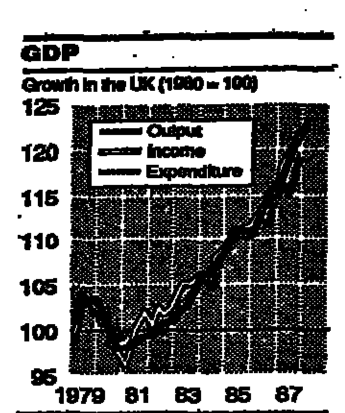
Wage settlements in manufacturing also edged up over the period, averaging 6 per cent in the first quarter compared with 5.5 per cent in the fourth quarter of 1987.

The Bank says that the need to recruit or retain labour seems to have become an increasingly important influence in pay bargaining, while the health of company finances has allowed the wage bill to rise.

The Bank is, however, clearly concerned with the trend in pay settlements and the implications for productivity, costs and inflation, the high growth rate in earnings poses if the economy should begin to slow down.

GDP

Growth in the UK (1980 = 100)




It points out that the underlying growth in earnings for the whole economy rose at an annual rate of 8½ per cent in May – or around 7¾ per cent adjusted for overtime payments and bonuses.

Reflecting the growth in earnings, the growth in unit labour costs (wages and salaries per unit of output) rose by an annual rate of 6 per cent in the first quarter compared with an annual rate of 4½ per cent in the fourth quarter of 1987.

The Bank believes that part of the rapid growth in productivity over the past year has been cyclical in nature. If it has been cyclical and above long-term trends it should begin to fall as the growth in output moderates.

"It might also be expected, however, that producers would be alert to the consequences of such a deterioration and that their willingness to accede to wage demands would be influenced by it, so that unit labour costs would not feel the full impact." The Bank remains agnostic over the apparent recovery in the savings ratio. It believes the increase in the recorded savings ration from 4½ per cent in the last half of 1987 to around 5¼ per cent reflects mainly a sharp rise in company dividend payments "saved" by the life assurance and pension funds.

It sees little evidence of a recovery in the household savings ratio, although the recent rises in mortgage interest rates may contribute, over time, to an improvement

The Bank does not appear to be unduely worried by the deterioration in Britain's trade this year. It attributes the widening trade gap to excessive domestic demand and not the inability of British industry to compete in international markets. It also believes that the official figures for Britain's trade are unreliable and likely to have exaggerated the extent of the deterioration.

# AIG raises stake in Kleinwort Benson

By Andrew Hill

AMERICAN International Group, a leading US insurance company, has increased its stake in Kleinwort Benson Group, the UK merchant banking business, to 6.06 per cent.

The US group said there was absolutely no possibility it would bid for Kleinwort.

Mr David Peake, Kleinwort's chairman, said yesterday he would begin to worry if anyone acquired more than 10 per cent of the bank, but added that Kleinwort was very happy to have AIG as a long-term shareholder.

"We expected they would increase their stake slightly. They may go a little bit higher, but we both understand the dangers of a stake getting out of proportion," he said.

AIG first acquired a 5.3 per cent holding in Kleinwort in May, saying it thought Kleinwort's shares were undervalued and that it had confidence in the group's management strategy.

Mr Nigel Webber of Pine Street Investments, AIG's UK subsidiary, said yesterday: "Nothing has changed. We were offered a substantial line of shares and we took it."

Pine Street bought 1m shares on AIG's behalf on Wednesday at a total cost of about £3.8m. Yesterday, Kleinwort's shares rose 5p to close at 388p.

Since 1967 AIG's chairman has been Mr Maurice "Hank" Greenberg, an abrasive New Yorker reputed to be one of the shrewdest operators in the property/casualty insurance business. The company has a large international presence and has recently taken to investing in British financial services companies, including unquoted start-up ventures.

# Second building society scraps change in status

By David Barchard

LEEDS PERMANENT, the sixth-largest UK building society, said yesterday that it had decided against seeking public limited company status in the immediate future.

This is the second time a leading building society has drawn back from conversion from a mutual -wherein the group is owned by its depositors.

Halifax, the largest building society, two weeks ago shelved plans to convert in the near future.

Mr Mike Blackburn, Leeds' chief executive, said the decision followed a review of business strategy undertaken with Hambros, the merchant bank.

He said recent changes in the law governing mutual societies and the raising of the wholesale funding ceiling left the group with enough flexibility to meet its business aims.

However, Mr Blackburn added: "We don't want to shut off any option for the future."

Alliance & Leicester and National & Provincial are the only top societies still undecided about whether to shed mutual status.

Protection envisaged for overseas victims of fraud

# Crackdown planned on growth of cross-border fraud

By Clive Wolman

DRAFT LEGISLATION to permit the prosecution in the UK of fraudsters who set up operations in Britain to defraud victims abroad is being drawn up by the Law Commission, the Government's law reform body.

Criminals who send out invoices from London addresses to overseas businesses for entries in non-existent international telex and facsimile directories, and those who telephone overseas investors, particularly expatriate workers in the Gulf, to persuade them to invest in bogus commodity funds, are among the chief targets of the proposed legislation.

The move follows the publication last December of a consultation paper by the Law Commission's criminal law team which has yielded about 40 detailed comments from the police, lawyers, professors of law, and government departments including the Crown Prosecution Service. According to the Commission, all except three or four have been strongly in favour of the reforms outlined, although the opponents include some government departments.

The original document said that the present rules, based on the common law, were narrow, technical and insular and failed to take account of the introduction of electronic methods of communication and transferring money. Fraud is much more commonly committed across national boundaries than other offences.

The rapid growth of international financial markets in London and the reassurance apparently offered by using a City of London address has made sophisticated cross-border frauds controlled from London particularly attractive.

The document added that the inability of the UK authorities to take action against such fraudsters is in danger of arousing hostility from other countries which in turn may refuse to co-operate in tackling crimes against British victims.

In a case decided in 1985, a telex operator working for a Swiss bank in London illegally diverted a sum of money from an account in New York to one in Geneva, but the court accepted his argument that no offence took place in London. Its reason was that conspiracies hatched in the UK to commit frauds against victims elsewhere cannot be prosecuted there.

Before the end of the year, the Law Commission is to draft a bill, or if time is lacking, a report, which is loosely modelled on the legislation introduced in New Zealand in 1961. To replace the present law, which says that a fraud can be prosecuted in the UK only if the final step in the commission of the offence takes place here, the report proposes that a prosecution should be permitted if any part of an offence is committed in the UK.

Attempts and conspiracies in this country to carry out abroad what would be an offence under UK law could also be prosecuted here.

The Law Commission has said that it regards legislative reform as a matter of urgency but the earliest date by which a bill could be pushed through Parliament is mid-1990.

# Steel output rises 12% on strong home demand

By Kevin Brown

BRITISH steel industry production rose by 11.9 per cent in the first seven months of this year to an average of 367,500 tonnes a week. The rise reflected continuing buoyant UK demand.

Production rose more sharply in July, when output was 14 per cent up on the comparable month of 1987, at an average of 319,700 tonnes a week.

The figures, issued jointly by the state-owned British Steel Corporation and the British Independent Steel Producers' Association, embrace the whole UK steel industry.

The continuing rise in demand indicates that BSC, which reported profits of £410m for the year to April, is set for a further increase in profits in the current year.

BSC produces about three-quarters of UK steel and is believed to be keeping its market share. The corporation produced 14.7m tonnes of steel during its last financial year.

The Government is expected to privatise BSC in November.

# Scottish manufacturing exports post recovery

By James Buxton, Scottish Correspondent

SCOTLAND'S exports of manufactured goods grew faster than those of the UK as a whole in 1987 and recovered from their 1986 decline.

According to a survey conducted by the Scottish Council Development and Industry which promotes Scottish industry, Scotland exported goods worth £6.025bn in 1987, a 13 per cent increase in real terms on 1986. They accounted for 9.1 per cent of the UK's manufactured exports, the value of which grew in 1987 by 7.4 per cent in real terms.

In 1986 Scottish exports fell by 11 per cent on 1985 in real terms, against a fall for the UK as a whole of 1.2 per cent.

Scotland's biggest export category was office equipment and data-processing machinery, worth £1.56bn (£1.24bn in 1986). Next came food, drink and tobacco, which includes the whisky industry, with £1.38bn (1986: £1.25bn). Third was chemicals at £700m (1986: £475m).

The largest single market for Scottish manufactured goods was the US.

# Trafalgar House wins £350m London redevelopment project

By Paul Cheeseright, Property Correspondent

TRAFALGAR House Property, the commercial and residential property group, is to redevelop the Paddington Basin in London jointly with the British Waterways Board.

The project, which could be worth £350m at present values, will be one of the biggest property schemes in the West End of London since the Second World War.

The waterways board announced yesterday that Trafalgar House had been chosen as the developer in preference to Rosehaugh Stanhope Developments and Speyhawk Land and Estates.

Paddington Basin was the terminus of the Grand Union Canal in the 19th century. The 13-acre site next to Paddington station is linked to the canal system of Little Venice in north London and is flanked by the A40, one of the main routes into central London from the west.

The form of the joint venture has not been settled. Trafalgar House learned of its selection only yesterday morning. However, the waterways board will contribute the land and Trafalgar House will be responsible for finance.

The board has enhanced the land's value by obtaining outline planning consent from Westminster City Council. This permits construction of 497,000 sq ft of housing, 231,500 sq ft of offices, 188,500 sq ft of shops, 107,500 sq ft of industrial space and 38,000 sq ft of leisure space, including a cinema and boating facilities.

Since May 1987, when consent was granted, talks have taken place between the board and the city council to refine the nature of redevelopment. These talks will continue with Trafalgar House participating, and it is expected that the scheme's shape could change substantially during the next two years.

It will take that long before Trafalgar House has vacant possession of the site. It currently houses a number of warehousing and distribution operations.

The development will take about five years, suggesting the project will not be completed until 1995.

The project is critical to the city council, which in its latest planning proposals has designated the basin a priority area for economic development.

It is also the biggest property scheme in which the waterways board has become involved. In recent years the board has sought to exploit the 300 acres of land surplus to operational needs that it possesses.

The joint venture it is establishing for Paddington Basin follows the pattern established for smaller projects in Gloucester, Bristol, Milton Keynes, Sheffield and at the Limehouse Basin in London. In each case an alliance has been made with private developers.

Although commercial property development was at the base of Trafalgar House's growth in the 1960s, it shifted strongly to residential development in the early 1980s.

# Industry recovers appetite for spending

NICK GARNETT looks at British industry's investment boom and finds the picture less than cheering for some sectors

GOVERNMENT says so. The Confederation of British Industry says so. City of London analysts say so. The UK's production industries are going through a mini investment boom.

Evidence has come thick and fast that the historic weakness of British companies in spending on new buildings and machinery is being overturned.

The CBI's trends survey last month showed that more companies were predicting increased expenditure on new production plant. Imports of capital goods rose by more than 10 per cent in 1987 and appear to be rising this year at an even faster rate, according to the latest trade figures. Many types of equipment suppliers are enjoying healthier orders from UK customers than for many years.

Along with this upbeat assessment, however, has come a welter of other statistics and reports, largely unreported, which paint an altogether grimmer picture.

Sales of machine tools, a main indicator of shopfloor investment, slumped in Britain last year by almost 10 per cent in sterling value. The UK was the only European country with the exception of Switzerland that recorded a drop.

Machine tool sales in Italy were 60 per cent higher by value than those in Britain and France also spent more. West Germany was as usual in an altogether higher league.

In the past two months reports from Frost and Sullivan, the US market research company, showed that the market in France for automated handling equipment in factories was now double that of the UK. Sales of high-cost flexible machines were also outstripping those in Britain, though still way behind Germany.

Figures from associations representing makers of production robots indicate that two years ago France pushed the UK into third place in the consumption of these machines within Europe. West Germany has three times the number of robots than Britain although measured in per capita consumption, Sweden is way out in front.

At the same time, a recent investigation by Manchester University into the installation of modern shopfloor production equipment in Japanese, West German and British factories made a scathing attack on UK practice.

Although it used a very small number of examples, the report confirmed the view of observers regularly visiting factories around the world. This was that, compared with many of its main competitors, new equipment in Britain was installed in older, more cramped and less well planned facilities.

These apparently conflicting sets of information underline the importance of looking not just at the UK but at what competitor nations are doing. However, two further conclusions are emerging.

The first is that the thrust of expenditure on new production kit over the past three years or so has been overwhelmingly in processing-related industries, from plants making paper to chemicals, food and drink production.

The second is that although engineering-type manufacturing is now taking part in this year's investment surge, it has come desperately late.

After a jump in capital spending from around 1982, investment in engineering went into a mini-recession. In the three years up to the start of 1988, investment overall among the 50,000 factories engaged in metal-related manufacturing, from aerospace component and computer production to heavy mechanical engineering, has been relatively weak. In terms of closing the technology gap with West Germany the past few years have been little short of disastrous.

An analysis by the Engineering Employers Federation, using Government figures, shows steep investment growth in the process industries over the past three years or so. This looks set to continue with the Chemical Industries Association, for example, predicting a 19 per cent jump in expenditure this year.

The same analysis by the federation, however, shows downward investment between 1985 and last year in electrical and instrument engineering, mechanical engineering and transport equipment.

That is why UK consumption of many types of production machinery that goes into non-process manufacturing shopfloors still looks so poor compared with some other European countries.

It is also why some of the biggest manufacturing systems houses have been switching their emphasis from engineering manufacturing to process industries.

"We are orientating our effort more towards processing industries because of that investment trend," says Mr Jerry Sayers, industrial group manager for Logica, the UK computer consultant and systems integrator. "We still do a lot of work in engineering, but there appears to be a lot more commitment in process industries towards systems automation and integrating information."

The increase in capital equipment imports over the past two years is almost certainly so large partly because of the appetite of processing-type industries. Average yearly capital investment in the paper, printing and publishing industry for example for the three years between 1985 and 1987 was more than 60 per cent higher than between 1980-82.

The import figure might also give an artificially high impression of overall capital spending in the UK if some of it was substituting the supply of equipment from weaker domestic equipment makers.

Investment problems in UK engineering can be exaggerated. Italy's machine tool consumption (£1.1bn in 1987 against the UK's £670m) was artificially bloated because of a one-year tax benefit rule on capital allowances offered by the Italian Government.

Some of the differences in the size of market for equipment is partly accounted for in France and Germany by their larger vehicle industries which are big consumers of machines such as robots.

There have also been some positive moves in favour of the UK. According to figures from the British Robot Association and from the Financial Times Business Information newsletter "Automated Factory", UK industry installed 620 robots last year, a big jump on the 475 in 1986. Meanwhile, the installation of robots fell by 20 per cent in West Germany in 1987.

But those figures actually underline the UK's difficulties. West Germany still installed 1,500 robots last year despite the drop. The UK installation figure was actually below the levels of 1984.

British engineering factories are now engaged in a reinvestment programme. However, a spokesman for the engineering federation said this week that high interest rates threatened the recent investment surge.

"We are concerned that investment levels have been low. Rising interest rates might tend to stifle the current rate of investment before it has run its course." Some might say that it is largely in the hands of the federation's own members to see that it does not.

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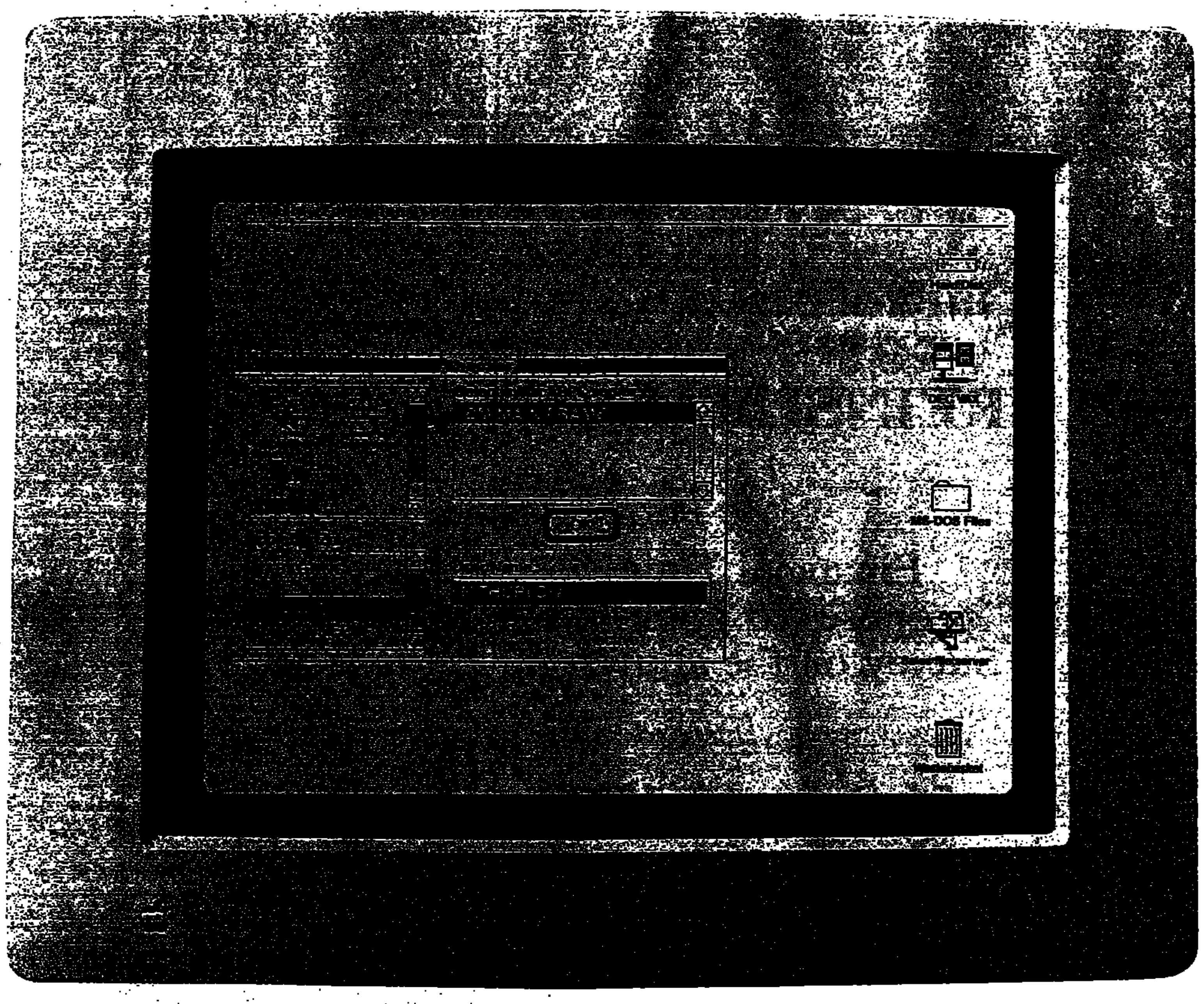

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There are many reasons why takeover activity in West Germany is unlikely to be on the increase. **David Goodhart** reports

# The corporate poison pill

West Germany is experiencing a quiet takeover boom. Few of the deals have made the headlines because they have usually involved large corporations picking up one or two small or medium-sized family firms.

Thanks to the retirement of many post-war entrepreneurs and a change in tax law thousands of these "Mittelstand" companies are now coming onto the private corporate market, and so causing considerable anxiety among those who regard them as the backbone of the German economy.

But anyone inside or outside the country who hopes that this acquisition wave will percolate upwards to the small publicly-quoted sector of German industry is in for a disappointment, at least in the immediate future.

Agreed bids occasionally, contested bids never. That is the rule in the public market, despite the wishful thinking of the racier Frankfurt financiers.

There are, it is true, some signs that the Anglo-American system of management and shareholder power being disciplined by the takeover, rather than by the banker, might find at least a toe-hold in Germany.

Until recently, enthusiasts for the Anglo-American approach cited the expansion of the West German equity market and the arrival of US investment banks as the levers of change. Now they are more likely to point to the harmonisation of company law prior to 1992 and even the possibility that opposition within the German banks to the principle of hostile bids may be mellowing.

The immediate news is less encouraging. Two rather half-hearted recent attempts at contested bids – for the Springer publishing empire and for the remnants of the Flick industrial empire (now called Feldmuehle Nobel) – were both still-born.

Feldmuehle took the threat seriously enough to change its voting structure, so that no shareholder could carry more than 5 per cent of the votes. But the ease with which it was able to abolish the principle of one share one vote – having been floated only two years before as something of a people's share – will not have encouraged reformers.

Responsibility for the lack of a hostile takeover culture in Germany is usually laid at the door of the country's universal banks. The banks, it is said, make hostile takeovers both superfluous, through ensuring senior management heads roll when they need to, and effectively impossible because of their control of large slabs of equity.

There is some truth in this, but the role of the banks should not be exaggerated. There are very few direct bank holdings over 10 per cent; the 28 per cent of Daimler-Benz owned by Deutsche Bank is an exception.

There are indirect forms of control by the banks too, but it should not be overlooked that in opposing contested takeovers the banks are just

**The banks, it is said, make hostile takeovers both superfluous and impossible**

responding to the wishes of their industrial clients.

Tracing the obstacles to hostile bids in Germany has to start from the fact that there are only about 500 publicly traded companies.

A large number of those public companies, probably more than a third, are protected by one very large minority, or even majority, shareholder - a family trust, or a financial institution. Many others have a handful of shareholders, including other companies, each with a sizeable stake.

A few companies also are doubly protected by the practice – more common in Switzerland – whereby management can choose whether to enfranchise a shareholder.

The lack of share registers and the custodian system, through which companies' house banks hold shares in trust for shareholders, certainly adds to the power of the bank-management nexus. One or two friendly banks will usually hold proxies for over half the shares, and will occasionally send out a circular to shareholders seeking permission to vote on their behalf for the next 18 months. Few shareholders object.

Such restrictions and conventions cannot prevent an attractive hostile offer being accepted by shareholders, although the fact that the banks also dominate stockbroking may make it very difficult for a bidder to find much loose stock or enjoy the benefit of surprise.

The restrictions can, however, make it extremely difficult to follow up ownership with effective control, because 75 per cent of the voting equity is required to dismiss the shareholder representatives on the supervisory board. Even if that is achieved it may still be a long, hard, road to establishing real control.

This is the crux of the problem for any would-be hostile bidder. As Nicolaus-Jurgen Weikart, a Frankfurt corporate lawyer, says: "Our German system of corporate government is the biggest poison pill of all." The German system is, simply, not designed to maximise shareholder wealth, but rather to ensure the well-being of management, workers and shareholders.

The two-tier board system – part-time supervisory board overseeing the management board – works against the hostile bidder first because, even if the new owner has the votes to dismiss the shareholder representatives (when they come up for re-election), he then has to contend with the 50 per cent of supervisory board seats occupied by workforce representatives.

In theory worker opposition can be over-ruled by the chairman's casting vote, but this is virtually unheard of in a large German company and would cause an uproar if the prerogative were used.

Assuming, nonetheless, that control of the supervisory board has been established, the owner will then face a management board with independent legal responsibilities and individuals with secure long-term contracts who cannot easily be dismissed.

But if the hostile bidder, or corporate raider, is dogged by relatively weak shareholder rights in Germany, he may also – paradoxically – be stymied by the peculiarly powerful rights of minority shareholders.

Minority shareholders owning only the tiniest fraction of the equity cannot be forced to sell and can hold up a deal for years. That means a bidder cannot get his hands on cash flow, or break up a company, until he has slogged through the courts or paid ransom.

So will the European Community help to tear down these protective walls? A lot of effort is being put into the Europe-wide competition aspect of takeovers, and there are elements in recent company law directives and the EC takeover code planned for the early 1990s which are likely to have some effect on takeovers in Germany.

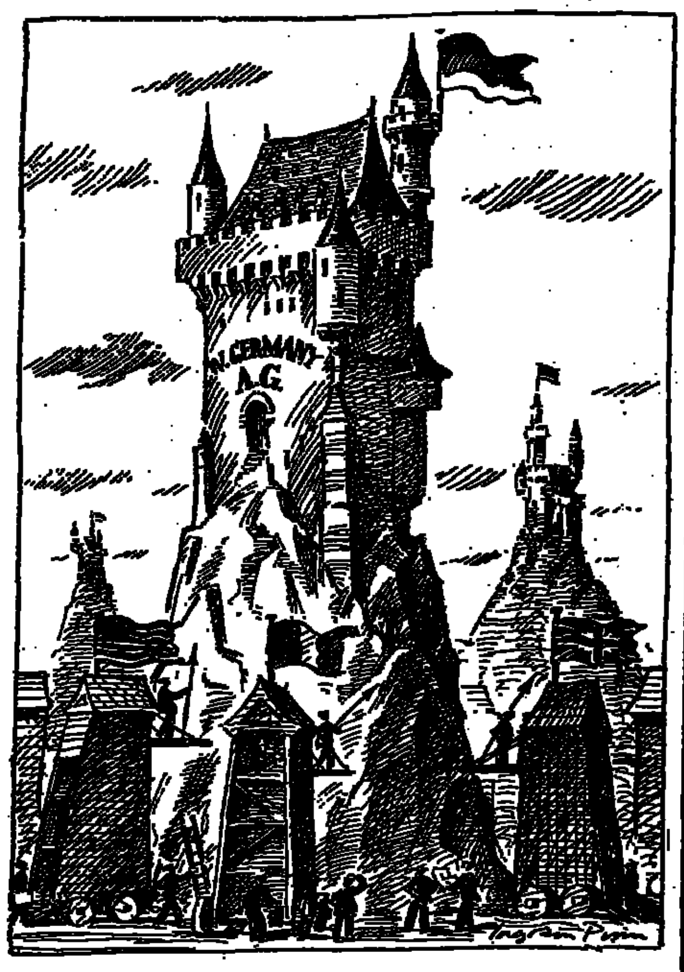
But despite the enthusiasm of some Eurocrats for facilitating the spread of the Anglo-American takeover system throughout Europe, little progress is imminent.

The fourth and seventh company law directives on the financial information that companies must provide could, for example, have kicked away another of the cultural obstacles to hostile bids in Germany – namely that a bid system requires far more disclosure than secretive German companies are prepared to accept. But both directives provided important loopholes and thus German companies still have opaque balance sheets and hidden reserves to protect.

The proposed EC takeover code, by insisting on higher standards of information from predators, will probably thus further discourage hostile bids in Germany at least from domestic firms. And the EC-wide 10 per cent disclosure rule will also remove one of the hostile bidder's few advantages in Germany – that currently disclosure is not required below 25 per cent.

The second banking directive – not expected to become effective until 1992 – may help open a few cracks by insisting that no bank can own more than 10 per cent of a non-bank. But loopholes will no doubt be found and in any case holdings in Germany are usually not that high.

The reformers' best hope is that pre-1992 mergers will involve plenty of German companies making successful contested bids in EC countries with more open takeover systems, the governments of which will then demand reciprocity for their own companies in Germany. But as German companies do not usually like contested bids, even abroad, that is a long shot.




So is there any sign of new thinking from the guardians of the present system – the universal banks? Some analysts argue that the lower gearing of German companies and far tighter margins on lending means it is no longer clearly in the banks' interests to promote debt finance in preference to equity finance. Indeed, it could be in the interests of banks to release some of the hidden value they have (at least some) share in and open new profit centres advising on and funding corporate restructuring.

This is still regarded as wishful thinking by most analysts in Frankfurt.

Having opened the door to contested bids the banks would find it difficult to control the distribution of the benefits. The undervalued assets that they have been sitting on might disappear into someone else's pocket – and, horror of horrors, that someone else might be a foreign "raider".

The other drawback for the banks is that a contested takeover system, by requiring far more accurate company valuation, would rule out the privileged "insider" position that banks enjoy – as both advisers and stakeholders.

A better hope for change comes from the development of a more powerful group of fund managers in Germany. The lack of a funded pension system and the strict limits on the equity holdings of insurance companies is another reason why the banks have kept such a tight hold on the corporate market. That could be changing as the state pension system falters and rich Germans become more accustomed to handing over their cash to various forms of money managers.

In the meantime, anyone wanting to take over a German company against the wishes of the incumbent management and the house bank will need vast reserves of patience. But it is not completely impossible; the Swiss "raider" Werner Rey has finally won control of Harpener AG, a former coal and real estate concern. That took him a mere three years.

# It's all in the lap of the gods

**Michael Skapinker** considers the theory that organisational cultures are similar to ancient Greek deities

If you had lived in ancient Greece, to which god would you have paid homage? Zeus, the king of the gods, who ruled imperiously from Mount Olympus? Or perhaps Dionysus, the god of wine and song?

Your answer, according to Professor Charles Handy, could tell you what kind of person you are and what sort of organisation is likely to bring out the best in you.

Not everyone is familiar with the ancient deities, so Handy suggests you fill in a questionnaire to test your Hellenic allegiances.

The questions, at first sight, seem to have little to do with Greek gods. You are asked whether, in your opinion, a good boss is someone who is strong and decisive or impersonal and correct. You are asked, too, whether you think subordinates should be loyal to the interests of their superiors, or should aim to develop their own potential.

You are then asked the same questions about the ways in which your organisation views the role of bosses and subordinates.

The answers, acording to Handy, allow us to come up with four different personal and organisational cultures, or ways of doing things – each of which corresponds to a particular Greek god.

Handy first outlined his theory a decade ago in his book, Gods of Management, since updated and revised*. For those who can no longer find the time to read a 240-page paperback, Melrose Film Productions has now come up with Gods of Management - the Video.**

In both his book and the video, Handy suggests that the four gods of management are:

- Zeus, "feared, respected and occasionally loved." Equally ready to hurl down thunderbolts or showers of gold, Zeus represents "the patriarchal tradition, irrational but often benevolent power, impulsiveness and charisma."
- Apollo, the god of order and rules. When Apollo reigns, everyone knows their place and their job. There are few surprises. Organisations with a long history of success with one product or service pay homage to Apollo. They "are efficient when life is predictable. They hate the obverse – change."
- Athena, "the warrior goddess, patroness of Odysseus, that arch problem-solver, of craftsmen and of pioneering captains."

Athenian cultures like new challenges, to which they respond by setting up small teams. Management consultancies, advertising agencies, research and development departments are organisations in which Athena rules. They fall to pieces if they ever have to mass-produce anything.

- Dionysus, whose followers respect no boss. To Dionysians, organisations exist to serve them, not the other way around. Medical practices, barristers' chambers and universities are full of them.

Handy's purpose is to describe the four cultures in ways which make them easy to remember. He argues that organisations need all four cultures, but in different measure and at different times. Growing and entrepreneurial organisations might thrive under a Zeus, but they will eventually grow to the point that they need an Apollo.

As they become set in their ways, ad hoc Athenian task-forces will be needed to reinvigorate them. If managers recognise that someone is essentially an Athenian, it would be a waste of talent to leave them chafing under Apollo's bureaucratic rule.

Handy's book is both entertaining and informative. The same cannot be said of the film, which should really be called Gods of Management – the Home Video.

Handy's theme could have lent itself to all manner of exciting dramatic performances by well-known actors. All we have, instead, is Handy standing in what appears to be someone's living room, expounding his theories with the aid of a flip chart and some crudely drawn diagrams. We all recognise the need to keep production costs down, but Melrose could surely have done better than this.

**Pan. £3.95.*

***Details on rental and purchase from Melrose Film Productions, tel 01-222-1744.*

# A developer's development

By Paul Cheeseright

ST MODWEN Properties made its early developments in Burton upon Trent and so adopted the name of the the patron saint of brewing. Now it is riding the regional property boom, although that would be difficult to guess after a first look at the share price.

Like other developers, its share price was savaged after the equity market crash of last October and this week has been standing at around 38p, or about half of that of the heady days of last year.

But those numbers tell only half the tale. That 38p is at a substantial premium to the historic net asset value per share of 20.5p and puts the company on a price-earnings ratio of 17.3p. So it could be argued that the price looks pretty expensive.

In a market concerned above all with assets rather than earnings, "the stock technically doesn't look cheap – it is difficult to piece together a buying story for it," commented Alan Carter of Chase Manhattan Securities, although, as he put it, the company is "a tidy little vehicle."

Therein lies one of the problems. With a market capitalisation of around £50m, St Modwen is just another developer of relatively modest size whose share price was pushed high last year but now does not have a high market profile.

"The share price has always looked a bit ahead," said Nick Hunter Jones of Banque Paribas Capital Markets, adding that St Modwen "is as successful as most developers of its type, if not more so."

Its underlying strength now is that it is in the right place at the right time. Over the last two years, confidence has seeped back into the Midlands, Manchester and South West where it is strongly represented. "We're doing the same things as we planned 18 months ago, but we are looking at them more bullishly," said Mr Stan Clarke, the chairman.

The rise in the market, he noted, "has increased our readiness to speculate buildings rather than pre-let them." This has happened in Manchester and Nottingham. It is happening at the Festival Park site in Stoke-on-Trent, the subject of the accompanying article.

And the strength of the Manchester economy combined with changes in the Use Classes Order, eroding the differences between light industrial and office space, has had a marked effect on cost appraisals for new ventures.

St Modwen and the Manchester City Council announced earlier this month a joint venture to build 300,000 square feet of low rise offices on 20 acres near Manchester airport. Eighteen months ago, explained Mr Clarke, this park was seen as an up-market industrial development where rents, bullishly, could be projected at £3.00-£3.50 a square foot. Now the rents for a venture which has shifted its emphasis towards offices are projected at £8.00-£9.00.

All of this suits the developers like St Modwen very well, but, stressed Anthony Glossop, the managing director, talking in the company's Birmingham offices, "We were making money here when the City was thinking the West Midlands didn't exist." The company and its predecessor were plugging away with industrial property developments - 2m square feet were let between 1979 and 1984, the dog years. "We didn't have a vision that the sunshine is coming, so let's charge."

None the less, there has been a substantial extension of activity since, in early 1986 when there were the first glimmerings of a revival in some of the regional property markets, Mr Clarke reversed some of his private interests into the quoted Redman Heenan and St Modwen Properties emerged.

"It took six months to sort out where the company wanted to go and how it might get there. An office in the South West was closed and a decision was made to concentrate activities on three offices, in Birmingham, London and Manchester.

It was decided to add retail property to a predominantly industrial base. With the change in the Use Classes Order, the office element was relatively easy to add to the industrial.

St Modwen, of course, was following an industry trend when it moved into retail. Here, after all, was the area which had shown the most consistent growth. It was, as Mr Clarke conceded, "the glamour side of the market." But there is retail and retail.

The St Modwen approach has been to look for town centre schemes, rather than the redevelopment of the odd shop here and there, and to confine its development bids to towns where it had an edge over competitors.

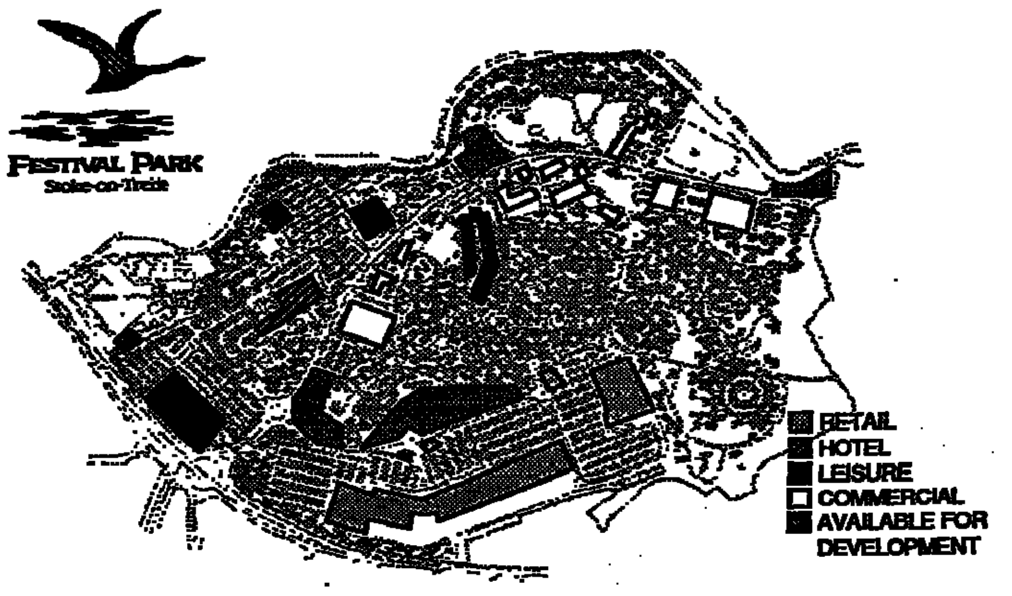
The Octagon Centre in Burton upon Trent came about because the town is in the company's backyard: it could see the market need and could assemble the site. The bid for a new centre in Plymouth is based on ownership of a key freehold site and an alliance with Prudential, a major leaseholder. Winning approval from the Newcastle-under-Lyme council for a scheme came about because the company knew the local political pressure points.

But the company tries to keep pressure off the bigger developments like these by having a two-tier programme. The regional managers are steadily developing schemes with a value of £1m to £3m. These schemes, said Mr Glossop, give profit when the company wants it, a strong cashflow and a continual presence in the marketplace.

Underpinning the ability to do all these schemes and to act quickly where there is the possibility of a land acquisition is the existence of a rent roll. This covers interest charges and business running costs. At the same time it provides some asset backing for the share price and, said Mr Glossop, "If I sell something I have to replace it."

When St Modwen came to the market in 1986, it was overgeared at around 100 per cent, Mr Glossop said.

But since then both the rent roll and the development programme have increased – the latter from £25m to £300m – and gearing this year will fluctuate between 25 and 40 per cent.




FESTIVAL Park, Stoke on Trent, is the £100m jewel in the St Modwen development crown. Formerly the site of a garden festival funded by the Government to clear derelict steelworks land, the development contract for the 175 acres was won in competition from London and Edinburgh Trust and Cameron Hall Developments.

Although the results of the competition held by the Stoke City Council were known last year, contracts were not signed until last February.

Most of the gardens, currently being maintained by the Stoke parks department but paid for by St Modwen, will remain intact, a rolling backdrop for 750,000 square feet of commercial, leisure and retail space.

The way in which St Modwen has attacked the development gives a clue to its financing style. It has sought to minimise its risks by a mixture of pre-lets and pre-sales. Cash has come in, or is arriving, from the sale to Rank Leisure of 23.5 acres for a leisure centre, and of the leasehold for the hotel with a so far unnamed operator. This cash can be turned round into the development.

At the same time, the retail warehouse units which have Toys 'R' Us and Wm Morrison Supermarkets on the flanks, have been pre-let. A short-term financial package will be put in place to cover this part of the development, but St Modwen has agreed in principle to sell it on.

St Modwen's exposure has thus been confined to the industrial and commercial elements of the scheme. Construction has started on the first phases. Four office units totalling 11,000 sq ft will be completed in June 1989. While there was little interest in the offices at first, over the last five weeks inquiries have been made which have led to two companies indicating that, in principle, they are prepared to take space.

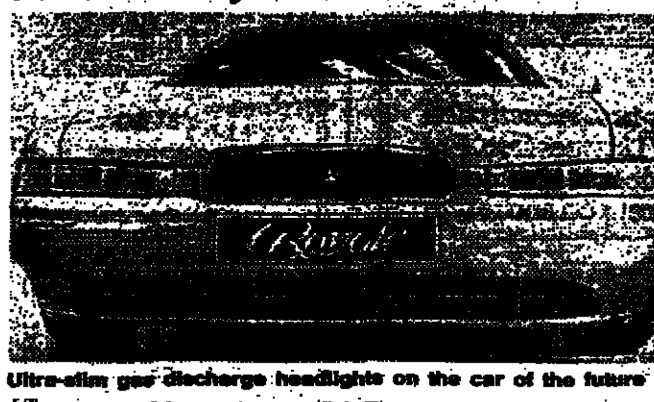
Some housing could be constructed on land held back for future development and that would strengthen St Modwen's cash flow.



## Company Notices

## TECHNOLOGY

**Clive Cookson takes a look at a car which has sophisticated entertainment and business systems built in**



Ultra-slim gas discharge headlights on the car of the future

A central rotary keypad controls all the entertainment and information systems in the car

# Filled to the trim with electronics

Imagine a wealthy executive who wants to pack his – or her – car with the latest entertainment, information and communication systems. He buys the most sophisticated radio; cassette and compact disc players, including CD video; a dozen loudspeakers to give perfect sound balance; two miniature televisions with headphones for the passengers; two mobile telephones (one with a hands-free set for the driver); a facsimile machine; a powerful personal computer; and a prototype navigation system to guide him by the quickest route to his destination.

But how does he fit it all into his car? Even the largest models on sale today would not be able to accommodate everything within the interior fittings. He would either have to clutter the car with equipment or spend tens of thousands of pounds having the interior redesigned and rebuilt.

The most ambitious attempt to solve the problem of packing consumer and business electronics into a car is the new Royale, a 2.7 litre executive saloon built by International Automotive Design of the UK and Philips of the Netherlands. IAD, which claims to be Europe's largest vehicle design consultancy, did the overall styling while the electronics were provided by Philips subsidiaries in several countries.

The Royale is a fully engineered working prototype, based on a flat-six engine and mechanical components from the Japanese Subaru Alcyone. However it is a "concept car" rather than the forerunner of a specific model. (Automotive manufacturers and designers build concept cars to show off their skills and ideas; the innovations often appear in production models a few years later.)

According to Rod Morement of Philips's consumer electronics division, the main purpose of the Royale is to show car manufacturers how well information and entertainment systems can be integrated into a vehicle, if the equipment manufacturers are involved in the design process from the very start. He says that car companies are only gradually realising the need to provide sufficient space for audio systems; too often they just put a 7in by 2in hole in the dashboard for a radio/cassette player and fail to leave room for good loudspeakers.

The Royale contains all the items mentioned at the beginning of this article, and more. Most of them are based on Philips products – in some cases redesigned for the Royale. The only feature that is in any sense futuristic is the Carin navigation system. This combines a digital map, loaded into the car's CD player, with an electronic compass and wheel sensors to give the driver route instructions via synthesised speech and simple diagrams on a dashboard liquid crystal display (LCD) screen. The full Carin system will not be available until 1990.

The most striking features of the Royale's interior design are the two "rotary keypads" on the central console – one for the driver and front passenger and the other for people in the back. They replace the mass of traditional knobs and switches which would otherwise have been needed to control the electronic equipment.

The car contains 13 separate loudspeakers. The front and rear compartments each have six speakers (two for low notes, two for the middle range and two for high frequencies). In addition there is a "bass actuator" mounted on the floor, which uses the car body to improve the reproduction of very low notes. Philips sees the speaker system as a particularly good example of the "co-design" philosophy which it is trying to promote: the Royale's interior panels were designed not only to look good but also to optimise the sound quality.

The speakers are powered and controlled by a combination of amplifiers, cross-over filters and graphic equalisers inside the car body. The control system can even compensate for the fact that the acoustic characteristics of the interior change according to the number of passengers.

For the rear passengers, two LCD colour televisions, made in Japan by Marantz (a Philips associate company), are built into the back of the front seats. Morement says the miniature LCD screens are suitable for cars because they are much flatter than traditional cathode ray displays and less vulnerable to vibration. The disadvantage is that they can only work within a limited range of temperatures. However Philips researchers expect soon to extend the LCD operating range to cover any conceivable conditions, from Saharan summer to Siberian winter.

In case anyone wants to turn from entertainment to work, there is an IBM-compatible laptop computer based on the Philips NMS 9100, which is fitted into the back of the front passenger seat. The computer's disc drive is accessible to the rear passengers but its main processing and power units are hidden inside the car body. A built-in Datacom interface makes it possible to transmit information from the computer back to the office via the car telephone, and there is also a facsimile machine built into the rear seat.

The most striking exterior feature of the Royale is the sleek front with its ultra-slim headlights. These use experimental gas discharge lamps, developed by Philips, which give out four times as much light as a conventional incandescent lamp of the same power.

Anyone who wants a glimpse into the future of car entertainment will be able to see the Royale in October at the British International Motor Show in Birmingham. Similar cars may become commercially available in about five years' time. The cost will, of course, depend on the volume of production, but Les Lawrence of IAD warns that early models are likely to be in the £30,000 to £60,000 range.

# Renewed hopes for research in space

DIFFICULTIES with the US space programme following the Challenger accident 2½ years ago has not deterred companies from pursuing space-based research.

That is the view of James Rose, head of the commercial space office at the US National Aeronautics and Space Administration (Nasa). Rose was previously in charge of an ambitious effort by McDonnell Douglas, the US aerospace company, to start a space-based venture in manufacturing pharmaceuticals.

Despite McDonnell Douglas's withdrawal from the project – the company said it could not wait for flights of the space shuttle fleet to restart – Rose says there is plenty of support from other commercial organisations for such ideas such as low-gravity materials processing.

He says that 119 companies are supporting terrestrial research programmes that could eventually result in studies in orbiting spacecraft. The disciplines include crystals growth and remote sensing of the earth.

Rose, who headed an 11-year McDonnell Douglas project in low-gravity work which ended last year, is more optimistic now that the hiatus in space shuttle flights is due to come to an end. Discovery is expected to lift off from Cape Canaveral in September or October following a successful test of the craft's engines this week.

The suspension of missions has not interfered with an underlying appreciation of the possibilities of space flight, says Rose. "It has given companies time to think about what can be done."

Many of the organisations interested in space-based research come from the chemical and pharmaceutical industries. Du Pont, Wellcome, Upjohn, Merck, Procter and Gamble and Dow are among those involved with a series of Nasa-supported research centres around the US.

Studies are being conducted into areas such as low-gravity purification of materials which could be useful as drugs. Eventually such work could be transferred to space flight.

**Peter Marsh**

# A sharper focus on cervical cancer

Cervical cancer still kills more than 2,000 women in Britain every year and is on the increase, particularly among younger ones. Yet, if diagnosed early, it is virtually 100 per cent curable.

Doctors agree that the best offensive against the disease is regular and efficient screening, which should also be cost-effective. Yet questions are increasingly being asked about the efficacy of the most common cervical smear tests.

Latest developments such as cervicography, a photographic technique recently imported from the US, are still not widely available; and many doctors feel that greater investment at a lower level, such as in improving the pay and working conditions of the laboratory staff who check smear slides, would have a more immediate effect.

The UK Government recommends that sexually active women over the age of 30 have a cervical smear every three years – an interval deemed too long by some gynaecologists. The usual test involves a sample of cells, taken by wiping a spatula across the cervix, being sent off for laboratory analysis.

Women whose samples exhibit abnormal, possibly pre-cancerous, changes are then referred for colposcopy, a rather uncomfortable process during which the cervix is more closely examined through a binocular-like instrument.

One of the more worrying problems of this procedure is that traditional smears are recognised as being a far from satisfactory indicator of the degree of abnormality – categorised in three grades from the mildest, CIN 1, to the most severe, CIN 3. Incorrectly taken or inaccurately read smears also mean a fairly high false-negative rate with many women who have developed abnormalities being given the all clear. By the time they return a few years later, the next stage, microinvasive carcinoma, may have set in. In recent US tests, the detection rate of conventional smears was shown to be as low as 50 per cent.

Cervicography has been cautiously welcomed as a step towards improving detection rates. It was developed by Dr Adolf Stafl, a pioneer in colposcopy at the Medical College of Wisconsin, as early as 1981 but has only been available in this country recently.

Using a cerviscope, a specially designed, easy to handle camera with a telephoto lens and a powerful light head, a doctor or nurse practitioner takes a snapshot of the cervix during a standard pelvic examination. The cervix is swabbed with 5 per cent acetic acid to make abnormal areas stain white and this may be repeated using iodine.

The process takes only a couple of minutes and women co-operating in hospital trials reported a much lower degree of physical and emotional distress than usually experienced during a smear test or a colposcopic examination.

The resulting photograph, called a cervigram, provides a magnification of the whole cervix, and not just of a small cell sample, thus enabling a far more accurate assessment of any potential abnormalities than is available using conventional cytology.

Cervicography is quite common in the US, according to NTL Processing UK, which supplies the cervicography equipment from National Testing Laboratories of St Louis in the US, leasing out cameras for around £2,000.

However, it is only available in this country at a few private clinics and some larger hospitals, including the Royal Northern in London and the John Radcliffe in Oxford, which are conducting trials. The Department of Health is still awaiting more conclusive evidence from these experiments before deciding whether to introduce cervicography on a wider scale.

Marie Stopes Clinic, a registered charity offering women's health care services, is among the few centres offering cervicography to any woman. Dr Anne Szarewski, at Marie Stopes, recommends that a smear is done at the same time as a cervigram is taken. She stresses the importance of taking cells from the cervical canal where the first changes usually occur. This is done with an endocervical brush – a simple instrument rather like a pipe-cleaner. It costs only a few pence, but is not yet freely available to family planning clinics and general practitioners.

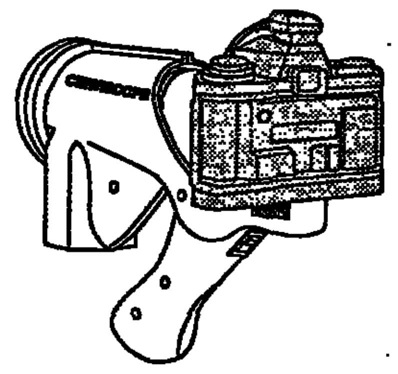
Although cervicography has proved useful and cost-effective in streamlining the screening process, it does have a relatively high incidence of false alarms which can cause unnecessary emotional trauma. This is because the cervigram evaluator will usually err on the side of caution. Just as in traditional cytology, the success of cervicography relies on the subjective judgment of the individual assessor, which can never be 100 per cent correct.

Research is under way into perfecting a quantitative method of evaluating cervical smears. A team at the Middlesex Hospital in London, under Dr Andrew Sincock, has had up to 95 per cent success in preliminary clinical trials of a new test which works by analysing the DNA of a cell nucleus by measuring the amount of light which passes through it.

Although still at an early stage, the technique has been shown greatly to speed up the assessment process, allowing hundreds of slides to be processed daily against the 20 to 30 managed now. It also appears to permit the detection of abnormalities at a much earlier stage, often years before a conventional test.

But in January the Department of Health halted the funds necessary for a wider trial and the work has been reined back to a minimal level, dependent on funding from a small charity, Quest for a Test for Cancer.

"With any kind of screening process, the search is always akin to looking for a needle in haystack. But what is clear is that what we need now is a renewed and more valid approach to cervical screening, at least until current research manages to come up with a more sensitive test than the ones on offer," says Sincock.



The cerviscope supplied by NTL

**Dominique Jackson**



## Public Notices

IN THE MATTER OF LION METALS CORPORATION LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE is hereby given that the creditors of the above named Company, which is being voluntary wound up, are required, on or before the 20th day of September 1988 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their Solicitors (if any) to the undersigned Philip Anthony Barnett of 34 Duchess Road, Edgbaston, Birmingham the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 2nd day of August 1988. Philip Anthony Barnett Liquidator

## Company Notices

Notice to the Holders of the issue 8¾ % 1977-1997 of $US 100,000,000 made by the EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of Notes amounting to $US 3,500,000 has been purchased for redemption on October 1st, 1988.

Amount outstanding on and after October 1st, 1988: $US 62,500,000.

Luxembourg, August 12, 1988

# ARTS

## Arts Week

| F | S | Su | M | Tu | W | Th |
|---|---|---|---|---|---|---|
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |

## MUSIC

### London

**Ulster Orchestra**, conducted by Vernon Handley, with Ernst Kovacic (*violin*). *Elgar, Sibelius and Gerald Barry first performance*. Royal Albert Hall (Mon). (589 8212).
**City of London Sinfonia**, conducted by Richard Hickox, with Heather Harper (soprano) and Wayne Marshall (organ). Britten, Bridge, Michael Berkeley, Poulenc and Bizet. Royal Albert Hall (Tue).
**BBC Symphony Orchestra and Chorus and Singers**, conducted by Peter Eotvos, with Sarah Leonard (soprano) and Pi-Hsien Chen (piano). Elliott Carter, Stravinsky and Franco Donatoni. Royal Albert Hall (Wed).
**Monteverdi Choir** and English Baroque Soloists, conducted by John Eliot Gardiner. Bach St. Matthew Passion. Royal Albert Hall (Thur).

### Tokyo

**Tokyo Symphony Orchestra**, conducted by Ken-ichiroh Kobayashi. Mendelssohn, Brahms, Dvorak. Suntory Hall (Wed). (362 6764)

## OPERA AND BALLET

### London

**Moscow Classical Ballet** in a short season with a new Swan Lake, at the Business Design Centre, Islington.

### Verona

**Arena Di Verona**. Zorba the Greek, a ballet by Lorca Massine to Theodorakis, conducted by the composer. Also: Aida, with Grace Bumbry as Amneris; *Turnadot* with Ghena Dimitrova alternating with Eva Marton, and Ponchielli's La Gioconda, with Bruna Baglioni and Giovanna Casolla. (596517).

### New York

**New York City Opera** (State Theatre, Lincoln Center). The week features Lotfi Mansour's new production of Il Barbiere di Siviglia, conducted by Sergiu Comissiona, and the season's new production of Rigoletto, conducted by Elio Boncompagni and devised and directed by Tito Capobianco. (496 0600).
**Lincoln Center Out-of-Doors Festival**. Free performances in the plazas and Damrosch Park this week feature Yoshiko Chuma and the School of Hard Knocks, a dance, music and performance art piece (Tue 6pm); Fresh Stuff (Wed 5pm); and Yane and *Le Baton Magique* from Paris (Thur 6pm). (877 2011).

### Washington

**Wolf Trap Festival**. Wolf Trap Opera Company, using Maurice Sendak's whimsical sets from Glyndebourne, perform The Love of Three Oranges (Thur). (432 0200).

### Tokyo

**Chang Mu Dance Company** from South Korea. Sunshine Theatre, Ikebukero (Tue-Thur). (987 4369).
**Teshigawaf/' Saburo** (avant garde dancer). Outdoor Theatre, Ikebukero (Tue, Wed). (987 4569).
**Rudolf Nureyev** and dancers from the Paris Opera Ballet. Koseinenkin Hall (Tue-Fri). (950 4666).

## EXHIBITIONS

### London

**The Royal Academy**. Cézanne – The Early Years 1859-72. A concentrated and illuminating study of the formative period of one of the greatest artists of the 19th century and one of the seminal figures of the modern movement. Although he came to greatness in his middle and later years, his early period, far from being inconsiderable as had been generally supposed, is now revealed in all its complexity and contradictory quality. Ends August 21.

### Paris

**Carte Musées et Monuments**, sold in museums and Metro stations, enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles Palace.
**Centre Georges Pompidou**. The Fifties, taking over Beaubourg for three months from the ground floor upwards. The postwar creative dynamism of the Fifties is represented by cars, comics, music, cinema, literature, industrial creation and – on the fifth floor – by visual arts. The great figures of Matisse and Picasso open the exhibition with works in black and white; monochromes by Yves Klein and Montana close it. *While contrasting the School of Paris* with the School of New York, the exhibition equally draws attention to some of their parallel developments. (42.77.12.33). Closed Tue. Ends Oct 17.
**Institut du Monde Arabe**. Holy Places in Saudi Arabia. Magnificent architectural models of the Kaaba in Mecca and its black brocade veil with verses from the Koran embroidered in gold, and of the Prophet's great mosque in Medina, provide non-Moslems with *a realistic image of the shrines of* Islamic pilgrimage, to which they normally have no access. Manuscripts, works by the traveller Richard Burton and 17th century Turkish ceramics complete the exhibition. 23 Quai Saint-Bernard (46.34.25.25). 1 pm till 8 pm, closed Mon. Ends Sept 18.

### Netherlands

Amsterdam, Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2,000 years of cultural history. Ends August 21.

### West Germany

**Cologne, Romisch-Germanisches Museum**. Caesar's Glass. This exhibition is the most important display of Roman glass ever staged. It covers the period from Caesar to Justinian, from the first century BC to the 6th *century AD. The 182 pieces are mainly* goods from everyday life. The show is a joint project between the Corning Museum of Glass, New York, the British Museum, London, and the Romisch-Germanisches Museum in Cologne. Until August 28.
**Munich, Haus der Kunst**, 60 Prinzregentstr. An important exhibition, centred on the city of Munich, which provides a broad view of the West German cultural scene. There are about 640 works – paintings, graphics and plastics – by 470 different artists, including over 100 women. Twenty-two works by the Austrian painter and sculptor, Alfred Hrdlicka, form the highlight of the show. *The exhibition* is organised by three group of artists. Ends Sept 11.

### Italy

**Venice, Palazzo Grassi**. The Phoenicians. The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attemps to give a *complete picture of this extraordinary* people, who dominated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly theatrical presentation by the architect Gae Aulenti. Sarcophaghi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a rippling artificial lake, and a *huge polystyrene wave engulfs a* Phoenician wreck. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinarily beautiful and the 750 page catalogue, published by Bompiani, is excellent. Until Nov 6.

### Switzerland

**Martigny**. The Gianadda Foundation is showing the second part of treasures on loan from the Sao Paulo Museum. Entitled From Manet to Picasso, it is especially rich in Renoirs, from society portraits and little girls in frothy lace and pink and blue satin, to a fleshy nude. Van Gogh, too, is well represented with his famous Arlesienne and landscapes with tormented trees. There is Cézanne's portrait of his wife, a Tahiti scene by Gauguin, early Picassos and Manet's Marie Lefebvre, riding side saddle all clad in black and *looking as seductive as Bonnard's* appealing nude or Degas' ballet dancers. (23978). Ends Nov 6.

### New York

**American Craft Museum**. An ambitious exhibition traces the history of American architecture back to the turn of the century, and emphasises the work of artists like Tiffany, Lawrie and Louise Nevelson who were commissioned to add art to the architecture. Ends Sept 4.
**Pierpont Morgan Library**. Over 300 items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are the illustrated letter, discovered only months ago, to Noel Moore that became the basis of Peter Rabbit, and the entire sequence of 22 watercolours from The Tailor of Gloucester, lent by London's Tate Gallery. Ends Aug 21.

### Washington

**National Gallery**. *More than 60 masterworks*, from the superb 16th-18th century collection of Munich's Alte Pinakothek, include paintings by Rubens, Rembrandt, Titian, El Greco and Van Dyck. Ends Sept 5.
**National Gallery** (East Wing). To mark the 350th anniversary of the first Swedish colony in North America, the exhibition covers four Swedish monarchies in the 16th and 17th centuries and shows Sweden as a resplendent and aggressive world *power through objects and 100 paintings* on loan from the Royal Treasury, the National Museum and the royal collections. Ends Sept 5.

### Chicago

**Art Institute**. Photographs by Josef Sudek. Using his native Prague as the background, this avant-garde photographer, who died in 1976, captured the lyrical quality of the Czech people and the country's beautiful landscapes. Ends Sept 5.
**Art Institute**. More than 50 Dutch and Flemish 17th century masterpieces from the Hermitage in Leningrad, including works by Rembrandt, Rubens, van Dyck and Frans Hals, kick off a collaborative effort by US and Soviet museums. Ends Sept 18.

### Tokyo

**Teien Museum, Meguro**. Masterworks from Europe. Japanese collectors, both public and private, have been on a spending spree recently. This exhibition draws together some recent acquisitions and, though aimed mainly at Japanese children, it provides an opportunity to assess current Japanese taste in Western art. This seems to be basically conservative, with an emphasis on Impressionism and Post-Impressionism. The 69 works on show range from Renoir at his most sentimental to a selection from Matisse's mighty Jazz series. The museum has a superb Art Deco interior and a pleasant garden. Closed August 24. Ends September 4.
**National Museum of Modern Art**. The Image of Man in Modern Japanese Art. Individualism is not generally admired in Japan, so portraiture, in the sense of the portrayal of individual psychology, is not part of the artistic tradition. However, in modern times, a number of Japanese painters have grappled with this problem with varying degrees of success. This exhibition features portraits and other works in which the human figure is predominant – all executed within the last 100 years. Closed Mondays. Ends September 9.
**Riccar Museum**. A pictorial diary and other works by the early 19th century master of the Ukiyoe woodblock print, Utagawa Hiroshige. Ends August 28.
**Suntory Museum**. Chinese glassware of the Qin Dynasty (1644-1811) from the collection of American businessmen Robert H. Clague. The works range from simple incense burners, bowls and gourd-shaped vases in translucent coloured glass to elaborate showpieces imitating jade or porcelain that make virtuoso use of techniques in which Chinese craftsman were particularly skilled, such as carved relief and coloured overlay. Closed Mondays. Ends August 28.
**Japan Folkcraft Museum** (Nihon Mingeikan), Komaba. Crafts from India. The museum is in an old Japanese farmhouse building which accords perfectly with the unselfconscious beauty of the objects. Closed Mondays. Ends September 25.

## THEATRE

### London

**Too Clever By Half** (Old Vic). A fizzing Gogolian production by Richard Jones of Ostrovsky's Diary of a Scoundrel in an old Rodney Ackland version, with remarkable Expressionist designs by Richard Hudson and a brilliant central performance by newcomer Alex Jennings. Until August 13. (928 7616, credit card bookings 261 1821).
**Easy Virtue** (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing. (379 6107).
**South Pacific** (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair. (839 5989).
**The Phantom of the Opera** (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, credit cards 379 6131/240 7200).
**Follies** (Shaftesbury). Eartha Kitt and Millicent Martin now decorate Mike Ockrent's strong revival of Sondheim's 1971 musical, in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. (379 5399).
**Hapgood** (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics. Felicity Kendal is the eponymous intelligence agent, Roger Rees and Nigel Hawthorne in elegant support. (836 6404, credit cards 379 6233).

### Netherlands

**Amsterdam, Staddschouwburg**. The English-Speaking Theatre of Amsterdam in Agnes of God by John Pielmeter, directed by Bryce Pederson (not Sun or Mon). (24 23 11).

### New York

**Cats** (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline. (239 6262).
**A Chorus Line** (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).
**Les Misérables** (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama. (239 6200).
**Starlight Express** (Gershwin). Those who saw the original at the Victoria in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (586 6510).
**Me and My Girl** (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit. (947 0033).
**M. Butterfly** (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy. (246 0220).
**Speed-the-Plow** (Royale). David Mamet applies his biting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-plotted exposé of the film industry. (239 6200).
**Stranger Here Myself** (Public). Angelina Roux performs two decades of Kurt Weill's songs in a one-woman show covering his time in Berlin, Paris and New York. (598-7100).

### Washington

**Les Misérables** (Kennedy Center Opera House). The touring company of the international hit of last season brings to Washington the historical sweep of Victor Hugo, set to music and an insistent contemporary beat. Ends Oct 15. (254 3770).
**Sleuth** (Eisenhower). Stacy Keach and Maxwell Caulfield star in the mystery pitting a writer against a mild-mannered travel agent who's stolen his wife's affections. (254 3679).

### Tokyo

**Le Bourgeois Gentilhomme** (Ginza Saison Theatre). The Comédie Française from Paris performs Molière's classic (in French). Begins Tuesday. (535 0555).
**Els Comediants** (Tent Theatre, Ikebukero). Comedy group from Spain. Tue-Thur only. (987 4369).
**The Sound of Music** (NHK Hall). Touring production (in English) of the ever-popular and oh-so-sentimental Rodgers and Hammerstein musical with Pat Boone's daughter, Debbie, as the singing Maria van Trapp. Ends August 31. (237 9000).
**Idamante** (Nakano Sun Plaza). Japanese musical based on Mozart's Idomeneo and starring pop idol Masahiko Kondo (Machi). The production is by kabuki showman Ichikawa Ennosuke, with the help of the design team responsible for the remarkably successful Super Kabuki production, Yamato Takeru, so the result is bound to be visually spectacular. Wed, Thur only. (379 2609).
**Opera-za no Kaijin**, better known as The Phantom of the Opera (Nissei Theatre). Japan's leading musical company, Shiki, acquits itself well in a close copy of the London original. The Japanese translation is often awkward, but Andrew Lloyd-Webber's gift for musical pastiche, Harold Prince's romantically evocative staging and Maria Bjornson's stunning sets and costumes make for an enjoyable evening. (503 3111).
**Les Misérables** (Imperial Theatre). This stirring musical adaptation of Victor Hugo's novel of the Paris barricades has returned to Tokyo for another four-month run. (201 7777).

## Mrs Klein

**COTTESLOE THEATRE**

Who, except perhaps a composer of old-fashioned comedy revue sketches, could be optimistic about a play concerning three German Jewish female psychoanalyists talking to each other for two hours?

Yet Nicholas Wright's National Theatre composition, impeccably directed by Peter Gill, is the most interesting new play of the year so far. Just as Pinter has adopted the hermetic language of neurophysiology in *A Kind Of Alaska* and liberated his vernacular instincts, so Nicholas Wright has turned psychoanalytical jargon to telling theatrical effect. The stilted language of the couch becomes a source of expressive conversational style.

Melanie Klein, who settled in England in 1926, was the Marietta Higgs of her day, seeing all sorts of problems in natural infantile behaviour. Her professional split with the phallocentric Freudians, specifically Freud's daughter Anna, still causes ructions among Hampstead-based child analysts. Wright makes of her, quite rightly, a comic figure. Gillian Barge goes even further in breathily outlining a tragicomic one who wonders at one point if there could possibly be anything worse than a bossy Central European Jewish mother. "I hope," she says.

It is mothers and daughters time in London in the mid-1930s just after Klein's son, Hans, has died on a mountain. We start with an unexplained encounter between Klein and an acolyte, Paula Heimann, one of the first wave emigré analysts to arrive here after the Reichstag burning. Paula is set to work translating (we must assume) the key Klein opus, *The Psychoanalysis of Children*. The amenuensis will become a daughter substitute. The daughter, Melitta (Francesca Annis), for whom Wright invents an implied sexual understanding with Paula, will renounce her mother.

This Melitta did, this in a sense we all do. Wright acknowledges Phyllis Grosskurth's compulsively magisterial 1985 biography in the programme, but he has fashioned a tense and emotionally territorial drama that uses documentation as a springboard.

Miss Barge presents a fussing, frizzy-haired study in insecurity who mouths platitudinous deductions as a conversational ruse. We hear nothing of infant sadism until quite late on. She is also very much a period piece, walled up in London with books, family pictures and (on John Gunter's meticulous design) recriminatory portraits of three gurus: Ernest Jones, Klein's professional patron in England; her influential lover, the bespectacled C.Z.Kloetzel; and her Freudian mentor, Sándor Ferenczi.

The odd detail of Klein's extraordinary story is released with devastating effect. Such as, that a girl Hans liked might have been a mother figure with a penis. That playing the violin is a symptom of repressed masturbation fantasy. That a nine year-old, who "felt the room pressing in on him" is an excuse to pass the sherry.

Making public material of privately endured experience is a major subject of our century's intellectual evolution, and this play questions many of the ethics involved. Miss Annis, rapidly eloquent and meltingly beautiful, expresses the resentment of a child turned guinea pig, while Zoë Wanamaker brilliantly accomplishes the difficult task of binding peripheral functions of slave, admirer, friend and witness into a moving study of hired gun turned potential assassin.

Melanie Klein used to say she was a Freudian, but not an Anna Freudian. Wright steers clear of such specialist wrangling, and Gillian Barge, in the performance of even her distinguished professional life, reveals a woman beset by doubt, refugee vulnerability, and plain silliness.

**Michael Coveney**

## Take your partners for the silly season

Years hence you will be able to tell your grandchildren about the summer of 1988. "Gather round," you will say to the faces glowing up at you, bright with reflected firelight, "and I will tell you about the greatest, longest silly season in the history of British movie exhibition."

They will gasp in wonder at the series of connoisseur clinkers you will claim you saw that year. There were films about knockabout cancer victims (*Hawks*), mad railwaymen (*The Pointsman*) and lovelorn nuns in Vietnam (*Saigon*). There were films sponsored by the Tower of Babel, such as the one set in Italy directed by a Frenchwoman with an Anglo-American cast (*A Man In Love*) or the one set in the Louisiana bayous directed by a Russian (*Shy People*). There were movies recommended by the Guardian (*Salome's Last Dance*, *The Naked Cell*) to which you would not take your greatest enemy. And just when you thought things could not get worse, there was the week of August 12.

Grandchildren, gather round. This was the week of *Shag* and *Anna*. *Shag* was a film about an early 60s dance craze. "But no, grandpa, you must be wrong, that was *Hairspray*." No, children, *Hairspray* was *another* 1988 film about an early 60s dance craze: or several early 60s dance crazes. *Shag* was about just one dance craze, the Shag. What happens is: four South Carolina girls go off for a fun-filled weekend to Myrtle Beach, a coastal resort. During their sojourn, they meet some fun-filled men and have a lot of fun-filled romance and flirtation. They also dance the Shag.

"What is the Shag, grandpa?" I have just told you, it was an early 60s dance craze. "Yes, but what kind of dance?" Well, I don't know. One early 60s dance craze looks like any other to me. In a film like this, it is chiefly an excuse to play a large number lot of old pop songs on the soundtrack and

**SHAG**
*Directed by Zelda Barron*

**ANNA**
*Directed by Yurek Bogayevicz*

**KING OF THE CHILDREN**
*Directed by Chen Haige*

bring out a tie-in LP.

"I get the feeling you didn't like the film, grandpa." No. "Were there any notable features?" Chiefly the fact that everyone in it seemed to be the close relative of someone else. For instance there was Bridget Fonda, son of Peter, Page Hannah, sister of Darryl, and Tyrone Power Jnr. And I was a bit suspicious of the name Annabeth Gish too.

Apart from that, children, I suppose the film has a footnote interest in the history of Hollywood's grapplings with feminism. It was directed by a woman, Zelda Barron, of *Secret Places*, and it showed four girls rather than four men going on the amorous hunt. But all it proved in this case is that women, when they want to be, can be as boorish, loudmouthed and over-determinedly zany as men.

"What about the other film, *Anna*, grandpa? Was that an improvement?" Yes, but not a great one. Once again women were centre stage, but any feminist hopes raised by that fact were dashed by the portrayal of most of the characters as nutters or no-hopers.

The heroine, played by Sally Kirkland, is a Czech refugee and former star of the Prague theatre who has fallen on hard times in New York. She cannot get a good part even though she does everything they ask at auditions, such as twirling round on one leg screaming "Humpty Dumpty." (No, children, don't try it yourselves, not when I'm talking). Anyway, this actress adopts a younger, prettier, newly-arrived Czech refugee (Paulina Porizkova). Soon the girl is hopping into bed with Miss K's lover, hopping into all the stage and screen roles Miss K might have coveted, and then hopping out of Miss K's life. So Miss K goes bananas and ends up trying to shoot her on a beach.

"It sounds silly, grandpa." It is silly, children. Extremely silly. The main saving grace is Miss Kirkland. She won a Best Actress Oscar nomination for the part. She is tall, blonde and kooky-looking, and resembles a cross between Margaret Leighton and Sally Kellerman. ("Both before our time, grandpa"). She has also been to the "Unbearable Lightness of Being" School for highly convincing Czech accents. But even she can do little with laboured direction by Yurek Bogayevicz, or with a script by Poland's Agniezka Holland which seems a very dog-eared Hollywood calling card from the one-time co-writer of *Man Of Iron* and *Danton*.

"Were there any small foreign or independent films press-shown that week, grandpa, to make up for these two American clinkers?" Well, there was *King Of The Children* from the acclaimed Chinese director Chen Haige. This was about a teacher, played by Xie Yuan, going to a new job in a remote rural village during the Cultural Revolution, a period of Chinese history in which all the bad old traditions of intellectual life were overthrown and replaced by worse ones.

"Does this film support the Cultural Revolution?" Hard to say, children. The young hero has himself been sent to the country to be "re-educated." And while there he is moved by the seasonal majesty of the countryside – steep jungle-green cliffs, veils of mist, bare trees like gesturing hands, all beautifully photographed by Gu Changwei – and he also sets out to transform teaching habits. He urges the children to abandon their learning-by-rote. He encourages them to write stories and essays from their own heart and observation, and even to invent their own words.

Alas, the classroom scenes, which constitute most of the movie, are dull to the point of paraplegia. And whether our schoolteacher is spreading his liberal gospel on behalf of Mao or in defiance if Mao is never made clear. Indeed, I suspect that the film's political thrust, like that of Haige's *Yellow Earth* and *The Big Parade*, is strategically ambiguous. New ideas are still cautious about raising their heads in China lest, like the famous Thousand Flowers, their heads are lopped off. Aren't you going to ask me what the Thousand Flowers

**Xie Yuan in *King Of The Children***

are, children? Children? "Zzzzzzz."

■ ■ ■

In a season of hibernation at the cinema, some of the liveliest movie-related fare is now to be found on television. I never expected to find myself thanking Heaven, for instance, for Jonathan Ross. But *The Incredibly Strange Picture Show* looks like being a series of welcome wake-up tablets. Kicking off last week with John (*Pink Flamingoes*) Waters, Ross's delvings into the livelier, crazier, more outrageous strata of low-budget cinema should have Aunt Edna gratefully leaping for her smelling salts. The poor woman has had not a moment's excitement all summer.

Programmes like Ross's are, we hope, a warning shot across the bows of an impending event dreaded by all people connected with screen art and entertainment: the creation of a TV watchdog committee on tastes and standards under Sir William Rees-Mogg. Britain continues to uphold its record as the most nannyish society in Western Europe, and this new manifestation is of a piece with the late lamentable video nasties furore, with Clause 28 and with every other currently fashionable attempt to gag society or the arts with the lace handkerchief of gentility.

Already, even before Sir William is properly in place, our small screens are being invaded by "TV versions" of feature films. (Quail at the excisions visited last week on *Three Days Of The Condor*). And already Sir William and his cohorts have threatened to extend their monitoring of moral standards from small screen to large.

May I recommend, to a committee to whom standards are so important, the cherishing and upholding of the following standards in our national life? Freedom. Creative energy. Truth. Imagination. The spirit of adventure. What British screen culture today needs is not road blocks but starting blocks, not cries of "Go back" but generous and zealous shouts of "Go on."

**Nigel Andrews**

## A Midsummer Night's Dream

**HOLLAND PARK OPEN AIR THEATRE**

Not quite open air: the seating area before the terrace and colonnade is sheltered by canvas against the unpredictable midsummer night's streams of England, though not against the midsummer night screams of American residents, who sound like the shrieking baseball players of Regent's Park Open Air Theatre having an evening at home for a change.

Peter Benedict's direction evokes *Fortunes of War*, its garden furniture and wind-up gramophone doing duty for ducal terrace or magic wood. Theseus is a rheumatic warrior in khaki engaged to a horsey Hippolyta; Demetrius spends the evening scrambling through the wood's mercifully non-existent briars in a Scots kilt; Egeus' hostility to Lysander as a suitor for his daughter's hand may spring from the suspiciously pacific figure David Janson makes in his cord jacket and pullover.

The mechanicals are a troupe of militaristic boy scouts played mainly by real boys. Francis Flute's voice has the corncrake strain of adolescence, little Snug Minor's treble has yet to break. Bottom is James Powell, a young actor whose spivvy swagger and tendency to Cagney and Mae West impersonations fit both the context and the production style. This relies on the unconnected gag rather than an overall view of the play; disjointed and heavy-handed.

Titania, as portrayed by Fenella Fielding, grabs the attention whenever she appears. Deploying vigorously balletic arm movements, she delivers the lines with purring relish, occasionally verging on self-parody as when she coos "Feed him with apricocks and dewberries" of a bemused Bottom. The Indian changeling looked alarmed clasped to her bosom, which may be why she then planted herself firmly in front of him, consigning him to invisibility.

Miss Fielding gets over the clotted richness of her verse well. Roland Curram is also strong, a macho cloaked Oberon in rehearsal tights and grizzled beard. His body make-up arouses fears for melanoma and shows up the charmless punk Puck of Edward Bryant as greyly anaemic. The lovers are a trifle colourless, with Juliet Prague an under-directed Helena, except when she demands to be used as Demetrius would use his dog and stretches out voluptuously on her back. One assumes she wants her tummy tickled.

Her period coiffure and haughty profile increasingly and unnervingly recall early pictures of that former ornament of Grantham's mercantile milieu, the whilom Margaret Hilda Roberts; not least when, towering over her fawning suitors, she twists both their noses simultaneously.

**Martin Hoyle**

**Vera Timashova as Odette/Odile and Vladimir Malakhov as Siegfried in *Swan Lake***

## Swan Lake

**BUSINESS DESIGN CENTRE, ISLINGTON**

That inescapable balletic bird, the swan, is with us again. The Moscow Classical Ballet is in residence in Islington with yet another version of *Swan Lake*. (I am waiting for the discovery of a cave-painting which will show the earliest record of these sacred rites). This production is a joint Anglo-Soviet enterprise, in that the staging has been put together in Moscow, while design – by Tim Goodchild – is a local product.

It is clearly intended for a long touring life. The presentation contains everything audiences may care to expect from this ultimate balletic cliché – never mind the steps, feel the title – and is guaranteed to be a popular success. It offers the drama told in direct terms, with the only departure from the conventional Western or Soviet views of the tragedy being that a final Hamlet-ish *coup* finds Siegfried, Odette and von Rothbart dead on stage at curtain fall.

The text is a confused mixture of Russian elements: six choreographers are cited in the credits, plus two assistant choreographers and, the production's claim to fame, the consultant presences of Mme Marina Semyonova and Asaf Messerer (whose fourth act is the most interesting single element. Mme Semyonova, most illustrious of Soviet ballerinas, was a celebrated Odette/Odile – as a precious fragment of her performance, now available here on video, tells us. Mr Messerer, teacher, dancer and choreographer, has helped shape generations of exceptional Soviet performers. Their joint involvement has brought certain precious stylistic elements to the dancers, and the Moscow Classical troupe looks far stronger as an ensemble than it did on its previous visit four years ago.

The scheme of the staging is, then, traditional enough; its matter far less so. I find little merit in abandoning Petipa's first act trio in favour of the present undistinguished variations which are owed, I think, to Gorsky. The first lake-side scene is generally more rigid in pattern than the Kirov's view of the Ivanov choreography; the ball-room dances are in the main sound, and soundly done; the Messerer last act has urgency and some lovely evolutions for the swans. What is missing is a coherent and cohesive text: there seem too many disparate choreographic elements for the good of the dance itself.

Visually, the staging opts for an approximate mediaevalism. The first act looks almost Arthurian, the lake a desolate reach of water, albeit more suggestive of Coniston in January than some High Gothic mere. The ball-room is a fantasy of white and gold pillars, candles, and a somehow shocking Madonna and Child (school of Dirck Bouts, perhaps) looming large in the centre of the back-drop. The costuming has all the extravagance this sort of staging always gets, when good taste is less abundant than sequins. There are ample draperies, cloaks, and the persistent flash of lurex.

On Wednesday night I saw Vera Timashova as a decorous, competent Odette/Odile, and Vladimir Malakhov as a Siegfried of exceptional potential. Mr Malakhov is young, slim, long-limbed. His stage manner is as yet reserved, though promising of romantic intensity. His dancing is very fine. A huge jump, academic purity in style, a fine flow to movement, mark him as a talent of rare potential.

Praise also for two other male dancers: for Igor Terentyev's soft clarity in the first act trio, and for his elegant manners as Benno; and for Ilgiz Galimullin as the Jester. Jesters are an unlovely breed; young Mr Galimullin brings good humour, wonderful virtuosity, and a minimum of roguishness to his activities. He has redeemed the role for me. From the company, abiding enthusiasm for their varied tasks. From the orchestra, a rather ill-balanced, oddly amplified account of a score.

**Clement Crisp**

## Pleasure Life

**ICA**

The Kyoto-based theatre company Dumb Type aims to "fill the gap between static visual arts and performance art dependent on written dialogue." This sounds forbidding, but the 70-minute show in the Mall's temple to High Art is unfailingly intriguing, sleekly attractive to look at, and engagingly performed by five young dancers who act, or possibly actors who dance.

Tohru Koyamada's striking set conjures up a high-tech Elysium with serried ranks of – what exactly? Futuristic standard lamps or ashtrays? Identical metallic framework-stands are variously topped with glasses of water, a transistor, a camera, cacti in pots and those fidgety chrome sculptures that feature in chic executive-toy catalogues. A row of television monitors brings up the rear.

Four summery white-clad figures weave their way down, across or through these aisles. They stare towards us at some invisible TV set, flicking remote-controls and aping what they see, whether aerobics or romance. At one striking moment they charge down the aisles towards the audience to flashing lights only to be suddenly blacked out. The monitors add their comments: the blips and bars of medical observation or shots of traffic-clogged highways. Occasionally a beautiful woman in elegant red (Seiko Ohuchi) moves expressionlessly among them, an authority-figure – or a recording angel or the ubiquitous provider of convenience and comfort, unacknowledged.

The message is sometimes over-obvious. The four main performers joyously exclaim, "That's a perfect place for a party!" (the eventual sound of human speech comes as a jolt), settle down for a picnic, eat a banana, take a photograph and trudge off. The elegant Miss Ohuchi appears with a remote-control toy digger which scoops up the banana-skin. This is repeated unvaryingly four times. Finally the mechanical throb of the digger drowns everything.

If the ecological burden is predictable, the methods are stimulating and beautifully executed, thanks to Shiro Takatani's lighting and Tohru Yamanaka's sound. Ominous ostinati, the sound of water, and the electronically distorted "I love you" – as mechanically repetitive as the doggerel one used to imagine in the rattle of old railway trains – all add to the impact.

The four actor-dancers are two couples: the Japanese Teiji Furuhashi, who also directs, and Misako Yabuuchi; and the western-looking pair, Katia Sazevich, a tall glamorous blonde, and the co-choreographer Joseph Houseal. Those for whom the term "performance art" conjures up the incoherent in pursuit of the incomprehensible could sample this and be happily surprised.

**Martin Hoyle**





## BBC SSO

**ALBERT HALL, RADIO 3**

On the past two evenings, the BBC Scottish Symphony have been making their annual Prom visit with their conductor Jerzy Maksymiuk. They began on Wednesday with the final exhibit in the Prom sequence of music prompted by Maeterlinck's *Pelléas et Mélisande*, Sibelius's scene-music suite from 1905. Very good scene-music it is, fixing moods for key moments much like the ones evoked – more originally and elusively – in Debussy's operatic setting. Much of it has a pleasantly lugubrious tread (there is more than one echo of the hackneyed "Valse triste") which is perhaps exaggerated in full-orchestra performance: the theatre-band for which Sibelius wrote must surely have had a frailer sonority.

Still, Maksymiuk's tempi were nicely flexible, and the cor anglais solo in the Mélisande movement was limned with delicate feeling. Later we heard a smooth, reasonably sprightly account of Mozart's A major Symphony, K. 201, and the strings were no less sympathetic in Britten's cycle *Les Illuminations*. They lacked only the cutting brilliance that perfectly taut ensemble is needed to achieve; no more did Yvonne Kenny, the soprano soloist, fling out Rimbaud's dazzling texts with the savage flair they deserve, though her musical command was secure and satisfying. In this cycle it is feasible either to float the vocal line over a really seething orchestra (which the BBC SSO wasn't) or to tear into the words with relish, but I think there is no halfway-house.

Another Australian soloist, Barry Tuckwell, scored the success of the evening with the Horn Concerto that Thea Musgrave wrote for him in 1971. It has not suffered in the passage of time; the relaxed musical structure is always under discreet control, the solo part still seems a generous gift to a creative performer, and Musgrave's accompanying orchestral inventions still teem delectably. I suspect she began by noting the fact that the French horn has an uncanny knack for producing a distant echo of itself, and proceeded from there to explore quirky ways of expanding the effect across other timbres (the *concertante* brass trio and the solo woodwinds) and across space (the extra horns planted around the hall). If the ultimate effect is less "symphonic" than anecdotal, or at any rate picaresque, that is no fault in a score that fills up a good 20 minutes with such pretty imagination and sturdy personality – and taps so well the resources of a sterling musician-virtuoso such as Tuckwell.

**David Murray**

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# Japan defies its critics

THE OECD, having strongly criticised West Germany's dismal economic performance, is surprisingly cool about Japan's recent remarkable progress. It concedes that domestic demand is growing at least twice as fast in Japan as in the rest of the world and that the current account surplus has been reduced by almost 1½ per cent of GNP. It notes that inflation is likely to remain subdued even though unemployment has fallen sharply. Yet it does not enthuse. Indeed, it devotes a sizeable portion of the survey to a critical analysis of Japan's structural rigidities and calls for a range of microeconomic reforms based on policies adopted in the US and, to a lesser extent, the UK.

It is easy to see why Japan's success might be a source of irritation (as well as relief) in the West. Many economists have been arguing since the early 1980s that traditional Keynesian macroeconomic policies do not work. A fiscal stimulus and a relaxation of monetary policy, it is said, will do nothing to stimulate growth, but can be relied upon to stoke up inflation. The new wisdom is that governments should use tight macroeconomic policies to keep down inflation and strive to stimulate growth by removing microeconomic structural rigidities.

## Limp attack

Japan, of course, has done the opposite. It has not lowered or reformed taxes significantly, and it has mounted, at best, an extremely limp attack on structural rigidities. The land, housing, distribution, transport and agricultural sectors remain largely unreformed. The transformation of the economy has been achieved almost entirely by traditional macroeconomic means. The first step was to ignore monetary targets and lower interest rates, thus sparking a boom in residential construction. The second step, urged by Mr James Baker, the then US Treasury Secretary, was to push through an enormous fiscal stimulus.

The programme of public works announced last summer constituted a direct stimulus worth at least 2 per cent of GNP. But it also, as the OECD concedes, "had a major impact on confidence." Companies that had feared bankruptcy because of the strong yen were thus granted a guarantee of vigorous domestic expansion. As a result, business capital expenditure soared, reaching 19 per cent of GNP by the end of 1987, the highest for 17 years. Private residential investment was also exceptionally strong, growing more rapidly than for 15 years.

Japan's experience ought to quell any doubts about the efficacy of macroeconomic policy. Nor is there any reason to suppose that Japan's policy-induced expansion will prove transitory. All the evidence suggests that the domestic economy has been lifted to a higher growth path, and one which will prove self-sustaining provided nothing happens to undermine the confidence of the private sector. There are few grounds for believing that such a performance would have been possible had Japan, like West Germany, declined to loosen macroeconomic policy.

## Unusual flexibility

In the circumstances, for the OECD to complain about the "rigidity" of Japan's economy seems almost a misuse of language. An economy that can shift almost overnight from reliance on exports to reliance on domestic demand is surely extraordinarily flexible. It is difficult to see an Anglo-Saxon economy, however free its internal markets, transforming its character with so little fuss.

Japan should certainly do more to promote competition in some sectors, most obviously in agriculture, but the seriousness of some of the rigidities may be exaggerated. The OECD joins others in urging reform of the distribution sector. There is undoubtedly room for improvement, but the OECD's own figures show that value added per head is considerably higher than in the UK.

These structural rigidities, while significant, appear to be offset by a social and industrial climate which permits rapid adjustment to changed economic circumstances. Japan's continued success suggests that it has much to teach the West.

# When the 'core' is disposable

AT FIRST sight, this week's announcement that the Inter-Continental hotel chain is up for sale looked like a conventional move "back to basics" by Grand Metropolitan, the UK brewing and food group which acquired it in 1981. The reality is more complex, and raises similar issues to the asset reshuffling which in the US has exposed General Electric and others to widespread criticism.

Like a stream of other companies on both sides of the Atlantic, GrandMet has undergone major surgery over the past few years, as a new top management has disposed of a string of businesses inherited from the days when broad diversity was deemed an automatic virtue. On the day of GrandMet's announcement the British TI group was trumpeting the benefits of having sloughed-off its bicycle and domestic appliance interests in favour of concentration on a set of specialised engineering businesses.

Such disposals reflect a growing acceptance by corporate management of the dangers of owning businesses to which it can add little value because their characteristics are unfamiliar to it, and because they require a management style which differs too greatly from its other businesses. As countless companies have found in the last few years, falling into this trap is one of the surest ways to attract the attentions of a break-up specialist.

## Limited repertoire

The notion that the corporate centre can, with any degree of effectiveness, perform only a limited repertoire of roles has made most headway in the US and Britain, where the market for corporate control is most fully developed. In continental Europe, grand-scale diversification of the kind practised by the Anglo-Saxons in the 1960s and 1970s is still widespread. But the recent empire-building of Daimler-Benz has drawn attention to the managerial strains involved, and the raids of Mr Carlo de Benedetti and others have underlined the risks to banks and industrial companies of trying to run too diverse a portfolio.

Seen in this light, the sale of Inter-Continental is overdue. Hotels require very different managerial skills from GrandMet's food and drinks businesses.

Yet the issue of distinguishing between "core" and "periphery" is not an easy one and companies have been known to transfer businesses from one category to the other on an arbitrary or opportunistic basis. The result can be a constant buying and selling of assets which leaves investors and employees unclear about the long-term direction of the company.

## Breeding fear

The chairman of US General Electric has for several years differentiated in public between his long-term "cores" and those which are considered marginal. His approach has been attacked for breeding fear among the managers of the peripheral businesses, but at least they do not suffer from a false sense of security.

The GE line has not been entirely consistent: a few businesses have been moved from "core" to periphery, but usually this has been well advertised and explained to everyone concerned. So has its addition of several new "cores," through acquisitions in television production and financial services – moves which have laid it open to criticism for building an unmanageable and shifting conglomerate.

All companies have to evolve and it may sometimes make sense to dispose of activities which have traditionally been regarded as "core." It is also important that, in the process of concentrating their efforts, companies do not neglect the option of returning surplus cash to shareholders, rather than keeping their empire as big as it was before.

A continual questioning of one's portfolio and direction is a very necessary discipline, but not many companies can motivate their employees or prosper in the marketplace unless they can demonstrate a clear understanding of what their strengths are and a commitment to those businesses where their strengths are most relevant.

## Tony Walker and Lamis Andoni examine Jordan's challenge to the PLO

# Once again caught in shifting Arab sand


When Mr Yassir Arafat, Chairman of the Palestine Liberation Organisation, received the news in Baghdad last week that King Hussein of Jordan was severing legal and administrative links with the West Bank, he was reported to be surprised and angered. He saw it as a further attempt by an Arab regime to exert pressure on his organisation.

PLO officials wondered whether the King, knowing that Israel would never allow the PLO direct access to its supporters in the occupied territories, was presenting it with a challenge it could not possibly meet – in the hope that the Palestinians would turn back to him for help.

On the face of it, Mr Arafat had once again been caught in the shifting sands of Arab politics. But at the same time, his colleagues say, he recognises that Jordan's action also gives the PLO an opportunity to assert itself at last as the exclusive representative of the Palestinians. Jordan's decision is, after all – say King Hussein's advisers with a veneer of candour – consistent with Arab and PLO demands for independent Palestinian statehood.

The PLO's "make or break" task, as one of its senior officials puts it, is to capitalise on the King's announcement and on the months of Palestinian riots in the occupied territories. The challenge is to convert the political gains of the first half of this year into something more substantial.

There is no doubt that King Hussein's latest manoeuvre – born partly of frustration at frequent questioning of his motives in speaking on behalf of Palestinians – has presented Mr Arafat with one of the biggest tests in almost 20 years as PLO Chairman.

The question is whether Mr Arafat himself, or the organisation he controls, is in a position to seize the opportunity. There are many who doubt that either is, and within the PLO itself there are few illusions. "My worry," says a senior official, "is whether the PLO is ready."

King Hussein's gambit prompted serious discussions about the PLO's options at the Baghdad meeting of the Palestine Central Council. These options include the formation of a "government in exile", the unveiling of a new peace plan, and a unilateral declaration of independence in the occupied territories as a means of confronting Israel's refusal to talk to Palestinians associated with the PLO. There was also talk about involving the United Nations more directly in the territories, possibly in a trusteeship role.

Proponents of a government in exile argue that such a step would help solidify the PLO administratively and give it more credibility as the sole interlocutor for the Palestinians. Such proponents include, significantly, Mr George Habash, leader of the militant Popular Front for the Liberation of Palestine (PFLP) – the PLO's second biggest faction behind Mr Arafat's Fatah.

Their arguments are likely to carry more weight now that the PLO has been challenged to assume responsibility for the occupied territories. Pro-Western Arab states, such as Egypt and Morocco, have long urged the PLO to form a government in exile on the grounds that it would help attract international support for the Palestinian cause. PLO radicals, however, have always opposed the move because they believe it would dilute the organisation's effectiveness as a "liberation" movement, making it susceptible to pressures from inside and outside the Arab world.

Would a so-called government in exile be in a position to wage armed struggle?, ask the hardliners. And would it not be easier for hostile states to force concessions from a relatively formal body before any peace process got under way?

Earlier this year the PLO looked at the option of a government in exile, but was unable to reach agreement. At the Baghdad meeting, a legal and political committee was established to review the arguments on both sides. One vital question confronting the committee is the membership of a government in exile.

The appearance of Mr Arafat and his closest PLO associates on the "front benches" of such an organisation would defeat its purpose, if its aim is to present a more acceptable Palestinian face to the nervous West, and particularly to the US. A senior PLO source said that the formation of a dual party and state structure is being considered that would leave Mr Arafat in overall control, but would include, in prominent positions in the provisional government, Palestinian moderates well-known in the West.

One name mentioned is that of Dr Edward Said, a respected Palestinian-American academic, who is close to Mr Arafat and a member of the Palestine National Council (PNC), the Palestinian parliament-in-exile, the movement's supreme policy-making body. Dr Said has already met Mr George Shultz, the US Secretary of State, and would presumably be acceptable to members of the next US Administration.

**Jordan's action gives the PLO an opportunity to assert itself at last as the exclusive representative of the Palestinians**

A question being asked in PLO circles is whether Mr Arafat himself would be prepared to step back, momentarily, to allow the emergence of new Palestinian interlocutors.

Among other options raised in Baghdad was confederation with Jordan, allied with the formation of a provisional government, as a means of overcoming the organisational problems caused by the King's decision to disengage from the West Bank. This was mentioned briefly by Khaled al Hassan, a leading moderate and architect of the now defunct February 1985 Amman accord linking Mr Arafat and King Hussein in a joint peace initiative. This step would not conflict with the wishes of the PNC which, in repeated resolutions demanding independent statehood, has called for a confederation with Jordan.

There are those within the PLO who argue that the organisation should not be stampeded into a hasty response to King Hussein's decision: people in the occupied territories are used to hardship, they say. If King Hussein adds to these discomforts – as he has by discontinuing the salaries of former Jordanian government employees in the territories – then such steps might rebound on him. He is, after all, the ruler of a country in which roughly half of the approximately 3.5m residents are of Palestinian descent.

Reaction to the King's decision has been much more favourable in the occupied territories and in the refugee camps of Jordan itself – where the inhabitants are most directly affected by the King's announcement – than among middle-class Palestinians. Many of these are prosperous long-term Jordanian residents, made nervous by the implication in the King's statement that distinctions will now be much more sharply drawn between East Bank residents of Palestinian origin and their cousins in the occupied territories.

"Jordan is not Palestine," said King Hussein emphatically; his message was aimed not only at right-wing opinion in Israel and the US, but also at Palestinians who might entertain other ideas.

For Mr Arafat, these are difficult times. Any advances in the past year have been matched by set-backs. A PNC meeting in Algiers last year ended a period of internecine struggle by unifying the main PLO factions, helping to solidify the PLO voice in Arab councils. But for most of 1987, the Palestinian issue was forced to take second place to the Gulf War among Arab concerns. An Arab League summit meeting in Amman last November, hosted by King Hussein, virtually ignored the Palestinians, infuriating Mr Arafat and his senior advisers.

Within weeks of this summit – partly as a consequence of the snub delivered to the Palestinian cause – residents of the occupied territories rose up against Israeli rule, and forced the world, including Jordan, to focus attention once again on the Palestinian issue.

Eight months later the uprising continues with surprising intensity. In the meantime, in June an Arab League summit in Algiers voted to help fund the *intifada* – as the uprising is known in Arabic. But so far a promised one-off payment of $128m (£75m) plus $43m a month has not materialised.

Mr Arafat almost certainly has cause to worry about the practical support he can expect from Arab states if he decides to fashion a new PLO. His fighters were recently ousted from most of their strongholds in Beirut's southern suburbs by Syrian-backed rebels of his own Fatah faction, and he is aware of a "convergence" of views between Amman and Damascus, antipathetic towards his leadership. He must also be wondering whether the King cleared his actions with other Arab States before taking them.

Many observers believe that Mr Arafat's leadership style presents an obstacle to the PLO's metamorphosis into a more purposeful organisation. His endless manoeuvring among the various PLO factions in an effort to maintain a semblance of unity – a difficult task because the competing factions have conflicting aims and ideologies – has diminished the organisation's credibility.

The challenge now for Mr Arafat is to fashion a political programme that will both satisfy the PLO's obligations to its constituency inside and outside the occupied territories *and* permit the unambiguous acceptance of UN resolutions, implying acceptance of Israel's right to exist. Acceptance of those resolutions holds the key to PLO's full participation in international peace efforts. Mr Arafat's colleagues will be asking whether he can meet this challenge – a question that will gain in intensity during the preparations for a meeting of the 450-member PNC, scheduled within a month.

The PLO Chairman must be aware that while he remains a potent symbol of Palestinian aspirations, the *intifada* is helping to forge a new and younger leadership of almost mythical character within the occupied territories. The traditional PLO leadership can say it is helping to co-ordinate the uprising, but it cannot be sure that it controls it. All the more reason, argue some of Mr Arafat's associates, for the PLO to take the initiative in reconstructing its organisation and in formulating a new political programme.

Mr Arafat has recently exhibited impatience at the lack of progress towards a resumption of a genuine peace effort in the Middle East. He is, according to associates, conscious of the PLO's failure thus far to convert the gains of the popular uprising into a political programme that would help bring the organisation closer to participating, on equal terms, in a dialogue on a settlement of the Arab-Israel dispute.

A document circulated recently by Mr Bassam Abu Sharif, one of Mr Arafat's closest aides, canvassing a "two-state" solution to the Middle East dispute (an independent Palestinian state alongside Israel), was seen as an indication of the PLO chairman's desire to hasten the debate. The Abu Sharif article excited considerable interest in Israel and the US as evidence of a new trend in PLO thinking.

But in recent weeks, the Abu Sharif line has been strongly criticised in PLO circles because it made no reference to the right of Palestinians to return to their homes inside Israel itself. Continuing differences over a peace strategy indicate that Mr Arafat will not have an easy time forging a new consensus about how to deal with the Jordanian challenge.

The meeting of the Palestine Central Council that has just ended in Baghdad recognised the dangers of disunity, according to a participant. "We either agree on a unified political goal," he said, "or continue falling into a mess of contradictory remarks and infighting."

# OBSERVER

## Ben-Zur in battle

■ Few insurance executives can claim to have combat experience. One who does is 34-year-old Ronnie Ben-Zur, the Israeli businessman who resigned last week as chief executive of PWS, the middle-weight Lloyd's broker, after taking responsibility for a disastrous £8m purchase in the US.

Ben-Zur fought as an artilleryman in the Yom Kippur War. His war record may prove useful in what threatens to be an acrimonious battle for PWS: which, as it happens, is 42 per cent owned by a Cayman Islands trust set up for the benefit of Ben-Zur and his two sisters by their redoubtable mother Shoshana.

The family is deciding whether to sell out, or try to reassert control. Aside from Ben-Zur and his mother, the key people involved in determining PWS's future are Malcolm Pearson and David Springbett, who founded the company in 1964.

Ben-Zur himself – a slightly-built, bespectacled millionaire – was noticeably relaxed as he lunched this week at London's Inn on the Park (a change from his favourite eating place, Le Gavroche). "I've had four job offers since I resigned," he says. He dismisses as "an in-house PWS joke" the suggestion that he will stand for the Israeli Knesset, though he is keenly interested in politics.

One reason why he might be well-advised not to return to PWS is that he was never popular there:

At the lavish cocktail party PWS throws for reinsurance contacts in Monte Carlo each September, he was charming. In private, his abrasive style bruised the feelings of subordinates. Former colleagues say he was a temperamental employer who retired to bed for days after losing the take-over battle for Lloyd's broker C.E. Heath.

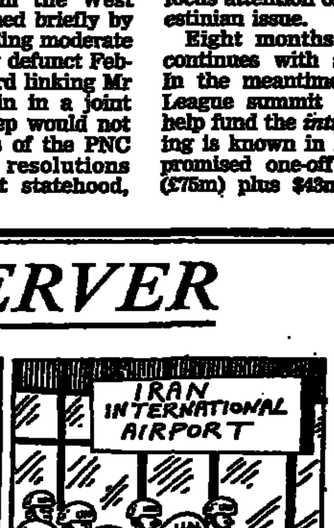
## Slow Boat

■ A hanson, I learn, is not only an aggressive form of UK conglomerate but also a flat-bottomed Korean sailing boat whose history dates back to the Middle Ages.

According to the latest issue of Korea Newsreview, hansons are making a comeback on Korean rivers. A cover story article informs us that "these boats sail almost entirely with the wind. While it is almost impossible to bring these ships about, they can and do turn to bring the wind first on one quarter and then on the other by changing the direction of the sails."

Perhaps the most intriguing thing about the hanson is that it "was not the result of a single flash of inspiration but, like most great inventions, a development or combination of pre-existing ideas."

In London, Hanson's deputy chairman, Martin Taylor, said this was the first the company knew of its Korean connection. "It sounds as if we're a little more fast-moving than a hanson," he said.




"I'm afraid your luggage is in Angola, gentlemen."

## Hegde clipped

■ Mr Ramakrishna Hegde's resignation as chief minister of the south Indian state of Karnataka after a controversy over the tapping of his political opponents' telephones must eliminate for some years the chance of a non-north Indian becoming a future prime minister of India, a post which has so far usually been held by a person with a base in the key Hindi-speaking heartland in the north.

Hegde became chief minister of Karnataka in 1983 following the unexpected victory of the Janata party in state elections. But although he was an able administrator, he was, like many other Indian chief ministers, tainted by allegations of corruption.

Hegde always wanted to make more of a mark on national politics, and he actually resigned as chief minister a year ago to make this possible, apparently because he wanted to stake his claim to the leadership of any opposition coalition that came up.

But he cannot now hope to head the newly-formed National Front of seven opposition parties which was launched last weekend as an alternative to Mr Gandhi's ruling Congress-I. Since Hegde is a prominent member of the National Front's presidium, his resignation also marks a setback to the new coalition's commitment to cleansing the murky Indian political scene.

## Mac's tracks

■ Donald Stovel Macdonald, appointed to be the next Canadian High Commissioner in London, is a towering 6 ft 5 in lawyer whose nicknames include "Thumper" (after Bambi's rabbit friend) and, predictably, "Big Mac". He also happens to be one of the most influential of all Canadian post-war politicians.

Sixteen years a member of Parliament, he was often seen as the heir apparent to Pierre Trudeau and gained a reputation over the years as something of a troubleshooter.

There are few senior cabinet postings he has not held. As energy minister, he presided over the creation of Petro-Canada, the huge state-owned oil company. As defence minister, he watched as the army patrolled the Montreal streets, following the suspension of civil liberties in 1970.

At his peak – aged 45 – in 1978, Macdonald stepped down to devote more time to his family and return to legal practice. But he was back in the public eye four years later, when appointed to chair the Royal Commission on the domestic economy.

It was only at this point that Macdonald became convinced of the economic benefits to Canada of striking a free trade agreement with the United States. He has since argued consistently in favour of such a deal, despite Liberal opposition to the agreement which was eventually stitched together this year by Prime Minister Mulroney.

It was perhaps this conviction which best qualified him for the High Commissioner's job in the eyes of Mulroney. The Prime Minister faces an imminent general election on the issue, perhaps as soon as Macdonald takes up his post in October.

## Well connected

■ A reader recently in Istanbul reports that a brochure issued by his hotel includes the claim that it is "within travelling distance of all parts of the world."

**David Lascelles**

## Teresa McLean contemplates English cricket at the nadir of its fortunes

# Sticky wicket for any bowler

*Samuel Johnson's Dictionary 1755: "Cricket. A sport at which contenders drive a ball with sticks or bats in opposition to each other."*

*English Public's Appendix 1988: "Marked by a ritual massacre of England by the West Indies every two years."*

Public opinion has always been critical of the pronouncements made by cricket's official institutions, about test, county and every other kind of cricket. Quite right too. Official pronouncements, like official policies, are there to be overshadowed by actual play, with its accompanying chorus of folk wisdom from spectators, journalists, commentators and veterans remembering the glorious days.

The gap between public and official opinion is always widest over current problems. This summer English test cricket has been so bad that the English sense of humour has indulged its fondness for tragedy by pillorying players and institutions alike. England's team manager and selector Micky Stewart abandoned the traditional reserve of generations of beleaguered selectors and agreed with his critics after the Headingley test that England had been "stuffed out of sight." Momentarily united in defeat, public and official opinion are now going their separate ways in the post mortem stage, looking for answers to the problems.

**The trouble is not so much that the selectors are an exclusive clique, rather that no one in his right mind would be a selector**

Everyone agrees that English test cricket does have problems, grievous problems. It is becoming increasingly popular to blame a lot of them on the selectors, a view to which the selectors are accustomed, even resigned, but with which they are hardly likely to agree. Until 1899 the English team was selected by the team on whose ground the forthcoming match was to be played, a system that plenty of local patriots would consider preferable to the one now in use.

Today's selectors for home series are appointed by the Test and County Cricket Board (TCCB), the main managing body of English professional cricket. It is run by former cricketers – the present chairman is Raman Subba Row, an old hand at playing and administering the game – and it has two representatives from each county at its biennial meetings. How much notice it takes of their recommendations about selectors is doubtful. The present selectors are Peter May (chairman), Fred Titmus, Phil Sharpe and Micky Stewart, chosen because they used to be test cricketers.

The trouble is not so much that the selectors are an exclusive clique, rather that no one in his right mind wants to be a selector, so remote figures like May, whose relations with his chosen players and with the media are distant, find themselves asked to take the job and feel obliged to accept. Selectors are paid for each day they spend on selection duty and they get a lump sum to cover the season's work. But it is more like an expense allowance than a living, and it is not surprising that May takes refuge at his work at a City insurance brokers, while scalp hunters rightly deplore the fact that he is not at every minute of every test match.

Surely the time has come to appoint paid selectors, who could devote themselves entirely to the job in hand, going to county games every day of the week, not just at weekends, and spending more time with county captains, players and coaches and also with umpires, an invaluable source of inside information on the game. Professional selectors would have a better chance of getting a relaxed relationship with the professional players they have chosen, especially if they were able to be with the team throughout its tours, home and away.

Unfortunately, the upper reaches of cricket government in this country, of which the TCCB is a bastion, have more than a touch of the Scott of the Antarctic approach to adversity. The more critics insist that changes should be made, the more doggedly they "keep on continuing," as one despairing cricket fan put it. Peter May is unlikely to resign as long as journalists keep saying he should.

He and his colleagues maintain that the real problem is not the administration, but the talent famine in the game itself: there simply are not enough good county cricketers. They have a point. Stalwarts of league cricket have long been saying that England should use a league system of selection; with talent spotters picking the good players who are to be found in leagues, clubs and minor counties.

There is a depressingly familiar ring about the requirements of such a system: money, much more of it than is devoted to selection and non-county cricket by the administration at the moment; a revised system of organisation that would narrow the gap between club and county cricket and help clubs get better playing and coaching facilities; and, arguably the biggest problem of all, a more broad-minded and enterprising attitude on the part of the management. These requirements do not look like being met soon. The MCC's attitude to change is like that of the old judge to whom someone suggested that his field of law needed reform. He replied: "Reform? reform? Aren't things bad enough already?"

County cricket is the only road to test cricket, but for the vast majority of county cricketers who never represent their country fame is on a small scale. The average crowd each day of a mid-week county match at Canterbury is about 1,300, at Edgbaston about 1,000. Sometimes, of course, attendance is far higher - this year's Canterbury Week had record crowds and took over £26,000 for its two county matches, which averaged nearly 5,000 attendance every day, and its Sunday one-day game. But usually, three and four day county cricket has to fight hard to hold its own against one-day games, which get 7,000 at Canterbury on Sundays, and against test matches. The average crowd each day of an Edgbaston test is 17,000, with a full house on Friday and Saturday.

The MCC has woken up to the need to encourage club cricket. In 1965 the National Cricket Association was founded to provide coaching, grant aid, equipment and good wickets for clubs and to try and involve young people in cricket. Gubby Allen, a noble old MCC guiding light, declared: "NCA has a grave responsibility. In its hands lies the future of the game." The pity is that it is the MCC's charity group, the Lord's Taverners, not the MCC itself, that provides the money for this programme.

The NCA has a devoted staff, street-wise in cricket, based in offices at Lord's cricket ground and longing with little hope to be given the extra help and money for which they have been waiting since the association was founded.

Keith Andrew, the NCA's chief executive and director of coaching, has developed a fatalistic resignation, still twinkling intermittently with optimism, about the possibilities of his job. "Schools are where it counts most, and comprehensive schools do nothing to encourage cricket. Their game is football. Until we get more enterprise, money and manpower, all we can do is hope that things will change."

Things are unlikely to change from the bottom up without help. The English Schools Cricket Association has been trying, since its foundation 40 years ago, to help schools interest their pupils in cricket. Poor, heroic association. The few comprehensive schools where there is any interest have poor facilities for play and it is left to the county, the local authority or the National Association of Young Cricketers to provide them. The number of indoor schools is increasing and, here and there, institutions like the London Community Cricket Association and Haringey College provide coaching for inner city boys. None of these institutions is funded by the MCC.

Sponsorship is becoming an important source of income for sporting organisations, but it is rare to find sponsors investing in a long-term possibility with no dazzle such as urban, club or young cricket, and unheard of to find commercial money in school cricket. You have to be a diehard optimist to believe that school cricket will soon be flourishing, or even holding its own against football.

Even if it manages that, school leavers have a large gap to cross before they reach the world of county cricket youth schemes and training camps. With a few honourable exceptions such as Yorkshire, English counties, like English test selectors, would have more talent to choose from if they extended more tentacles into the outfield of the game.

In the improbable event that the counties start coming out with dynamic recruitment policies, cricketers will not necessarily want to join up. The rewards of test and county cricket are the ultimate mixed blessing. Fame means persecution by newspapers and television – ask Gatting – and the destruction of family life. "Family life, you can forget it, oh dear, forget it," mourned Ole Mortensen, Derbyshire's Danish bowler, after only the first game of the season.

Half the year is non-stop busy, half the year is either unemployed or submerged in the pressures of touring or taken up with jobs connected with cricket.

Paul Downton, the Middlesex and England wicket-keeper, is a stockbroker, but he is exceptional. When cricketers retire they usually work for their old county or league in some administrative or coaching capacity, run sports shops, coach at schools or clubs or become cricket journalists or broadcasters.

It is no joke retiring early when you are young enough to work for 20 more years. Fred Rumsey, the old Somerset and England fast bowler, became a travel agent. But the most enterprising and arguably the most appropriate retirement job belongs to Denis Amiss, the Warwickshire and England opening bat. He retired after a long, hard batting career and is now director of research and development, acquisitions and public relations for the country's biggest funeral directors.

## Lombard

# Why the Party is not over

By John Lloyd in Moscow

IS THE development of a civil society possible in the Soviet Union?

Any such concept was pulverised by Stalin in the 1930s. Every kind of independent strand of national life was organised in conformity to a single will.

Now there exists an implicit promise: that within the reforms set in train since 1986 by the Gorbachev leadership, the development of independently functioning institutions and independently generated ideas can occur.

If enterprises are to be (as they have been told to be) self financing, and if co-operatives are to develop entrepreneurial habits, and if both are to form links with foreign companies, then we might see the gradual deepening of a non-state business culture.

Further: if enterprises do develop separate, profit-driven interests, then the stodgy and complacent unions will have to do some real representational work. Officials trained in Marxism-Leninism cannot have failed to note that the development of a more market-oriented infrastructure should, in theory, produce a more diverse, fragmented superstructure.

On the political and cultural side, there is now some discussion on the matter of civil society. An article by Mr Andranik Migranian, the historian, in a recent issue of the journal Voprosy Filosofii, cedes the point that the development of Soviet society had reduced "almost to zero" the space for spontaneous activity. More: he admits that in western societies the state is held in check by "diverse social institutions under the active control of individuals", and that individualism has its positive side.

Last week Mr Leonid Ionin, deputy director of the Institute of Culture, went even further. Writing in New Times, he points to the irreconcilability of real civil rights with a state where the law courts are not independent - and calls for trial by jury and the appointment of judges for life. The dominance of the Party in every sphere of life has meant that individual initiatives were simply snuffed out. Most remarkably, he suggests that this was impossible to change "while remaining as it is within the framework of a one party system". He even suggests that logic presupposes a multi party system – or the democratisation of the present one. (Reality setting in, he settles for the second.)

The multi-party system is, of course, still ruled out, not just by the "conservative" number two in the Politbureau, Mr Yegor Ligachev, but also by the "liberal" number one, Mr Gorbachev. For those intellectuals of a dissident persuasion – and the handful I have met are, to a man, deeply sceptical of real change – the only hope is for the emergence of multi-candidate elections to Party and to reformed Supreme Soviet; thereafter, logically, the development of separate platforms and, hence, distinct parties. But for the moment discussion on multi-candidate elections seems to be confined to local, as against national, organs of power.

A telling index of the prevailing cast of mind is to be found, ironically, in a recent declaration of the public commission on human rights, headed by Mr Fyodor Burlatsky, a commentator close to Mr Gorbachev. It appeals for amnesty of all prisoners convicted for religious "crimes". In doing so it draws to the attention of the Praesidium of the Supreme Soviet that religious creeds are "patriotic"; "the overwhelming majority of believers accepted perestroika and make a considerable contribution to the implementation of plans of the country's social and economic development".

In short, discrimination against the religious should cease because the religious had proved themselves reliable. "These people", said the declaration, "no longer pose any social danger to our society".

This is not a recognition of an independent civil society in a western sense: it is a concept of "guided" civil society, under the leading role of the Party. It is not a case of rights being possessed, but of being granted for good behaviour. For the moment, the Party leads.

# LETTERS

## High tech venture capital is not BTG's business

*From Mr Colin Barker.*

David Sawers argues (August 10) that a gap still exists in the venture capital market for low value, high risk investments in high technology. He uses this assertion to argue that the British Technology Group (BTG) should not be privatised but should be "improved" – presumably to address the indicated problem.

The fact is that BTG is *not* in the business of providing venture capital. Our role is to promote, on a wholly commercial basis, the transfer of technology from researchers to commercial and manufacturing organisations capable of utilising that research.

Our method is to establish patent or copyright protection and then to seek licensees capable of launching the invention into relevant markets. Royalties flowing from a successful market launch are (subject to recovery of our costs) then shared with the inventor.

In some cases, funds are invested in refining the invention to improve its licensing prospects. In a small minority of cases it is considered desirable to launch a new company to bring the new product to its market. In those circumstances BTG joins with others (often venture capitalists) to meet the initial financing requirements.

Both these types of investment are seen by us as tools to support our prime activity of technology transfer. Over the past three years, BTG has invested £27.5m in projects of all types. Less than £5m of that total was invested in companies and therefore loosely comparable with venture capital investments.

We do not see ourselves as a venture capitalist organisation. Our skills are in the assessment of the commercial potential of innovations in technology, the protection of intellectual property and the effective licensing of resulting patents and copyrights to industry. Our objective is to refine those skills and apply them effectively at the interface between the research and industrial communities.

All investments by us are a means to that prime objective. They should not be confused with the valuable but different service provided by the venture capital markets.

Colin Barker,
*Chairman, British Technology Group,*
*101 Newington Causeway, SE1*

## Privatisation should take account of the environment

*From Mr Max Dixon.*

Sir, Mr Jon Parker (Letters, August 2), refers to the need for a strong regulatory framework to ensure that private electricity companies cater adequately for environmental problems.

It is disturbing that the Energy select committee of the House of Commons, in its recent report The Structure, Regulation and Economic Consequences of Electricity Supply in the Private Sector, should have been forced to express so many reservations about being able to achieve a "level playing field", given the lack of detail in the Government's privatisation proposals and the tight legislative timetable. New entrants particularly need equal treatment with "Big G" and "Little G" in planning control.

More fundamentally, however, the current system only assesses whether individual projects originated on mainly non-environmental criteria (principally current and estimated prices) can get over certain problems in terms of environmental control.

There is no mechanism for any form of regulation to take account of the overall environmental effects of different ways of using energy to meet particular end-user requirements. Should we burn gas in our homes – or use the electricity generated by some company which has been able to negotiate a lower gas price?

Given the awesome consequences of the "greenhouse effect," when are we going to allocate shadow prices to the environment? Is this not the inescapable logic of trusting our futures to "the market"?

Max Dixon,

*35 Palace Square,*
*Crystal Palace SE19*

## Improving Soviet Union food supplies will take time

*From Mr Lev Voskresensky.*

Sir, I agree with John Lloyd's linking of the apparent success of this year's harvest in the Soviet Union with the effects of economic reform and new initiatives by farm workers (August 5). However, I feel that a proper assessment of the impact of the reforms on food production must wait until well-substantiated results have been achieved.

We have recently heard contradictory reports about the situation on the Soviet food market. On the one hand statistics show definite growth in output and consumption of most farm products. On the other hand we read that the problem of food supplies to the population remains acute, with frequent interruptions in supplies of potatoes, vegetables and fruit; that the variety of fruit and vegetables offered for sale is meagre and often of poor quality. This issue was dealt with at length by Mr Mikhail Gorbachev in his report (July 29) to the plenary meeting of the Communist Party of the Soviet Union (CPSU) central committee.

If you ask ordinary people (who judge by what is on the table and at what price) about this issue, they are likely to respond that the food situation has hardly improved at all. This is presumably a truer picture of the situation than the well-balanced official statistical reports.

Does all this mean that the current drive for perestroika in the Soviet Union has stumbled over the food counter? Or that the path of economic development, mapped out in April 1985, and confirmed later by the 27th CPSU congress, which adopted the draft Plan for 1986-1990, was erroneous? Both questions invoke one quite definite and firm answer: No.

Then what is the problem?

It is useful to recall that the initial draft Plan was hammered out at a time when the command-style system of administration and management reigned supreme. The draft was updated on the eve of the Party congress, but its backbone remained unchanged. Thus it was a compromise between the old bureaucratic concepts and standards and the new methods, but a compromise heavily based in favour of the former.

As a result, the vicious circle of rigidly centralised planning, and strong constraints on farmers' initiative and enterprise, was never broken, so the current food situation is not surprising. Moreover, it was foreseen by senior officials that we were in for a rough period because it was a time of transition.

Now that we are halfway through the current five-year Plan, its chief result seems to be in the accomplishment of political, intellectual and legal prerequisites for a transition to the socialist market economy. And – no less important, as John Lloyd recognises – there have emerged in rural areas groups of workers prepared to work hard to translate the ideas of the socialist market into the language of business. These are people who work on the basis of contract-farming and land-leasing, and who set up production co-operatives based on *khosraschot*, a combination of self-management, cost accounting and financial independence.

Thus we have, I believe, created the necessary prerequisites for substantial change, and workers with a new mentality. On sober reflection we have to admit that we could not hope to have achieved more than that.

When will we see real improvements in the food situation? I predict not before the beginning of the next five-year Plan (for 1991-1995) at the earliest, and then on condition that farmers are rid of the current system of administration by fiat and red tape, impeding their initiative and enterprise.

Lev Voskresensky,
*Novosti Press Agency,*
*4 Zubovsky Boulevard,*
*Moscow.*

FINANCIAL TIMES
Friday August 12 1988



# Iraq accuses Iran of missile attack

By Tony Walker in London

IRAQ yesterday accused Iran of shelling its military positions on Tuesday and Wednesday near the Shatt al-Arab waterway, where the Gulf war broke out nearly eight years ago.

A statement by Iraq's UN mission said the Iranian armed forces bombarded Iraqi military positions of the Third Armed Crops Sector with howitzer projectiles, mortar shells, and small missiles. The area referred to is near Iraq's southern port city of Basra.

On Monday when Secretary General Mr Javier Perez de Cuellar announced August 20 as the cease-fire date in the war, Iran gave him a pledge that it would not launch any attacks before that date.

But Tehran complained on Wednesday that Iraqi jets had violated Iranian airspace and and buzzed Iranian cities in the south-west of the country.

Earlier the five permanent members of the United Nations Security Council were urged by Mr Perez de Cuellar to help fund the proposed Gulf war peacekeeping mission which is due to start monitoring a ceasefire on August 20.

Perez de Cuellar: Given pledge by Iran

Mr Perez de Cuellar said the five permanent members – the US, Britain, France, China and the Soviet Union – had "a duty to pay for the consequences of your decisions." The Security Council voted unanimously on Tuesday to authorise the formation of a 350-member monitoring group to be despatched to the Iran-Iraq front.

In New York, it was announced yesterday that Maj-Gen Slavko Jovic of Yugoslavia would command the observer force, some of whose members are already on their way to the battlefront. The UN peacekeeping operation is expected to cost $74m in the first six months.

The UN is in serious financial difficulties. Arrears on payments by individual countries amount to about $500m, two-thirds of which is owed by the US.

In Tehran yesterday, a five-man UN unit, headed by a Canadian colonel, held talks with Iranian officials on ways to implement the ceasefire.

At the same time, Mr David Reddaway, a British diplomat, headed for Iran to discuss a range of issues, including the plight of hostages in Lebanon. Mr Reddaway, 35, will be the first British diplomat in Iran since the two countries downgraded relations in June, 1987.

# US, Soviets in joint space talks

By Peter Marsh in Washington

THE US and the Soviet Union are discussing an unprecedented joint space exercise that could increase scientists' understanding of the depletion of the ozone layer – the mantle of gas high in the atmosphere that protects the earth from harmful radiation.

At the same time they are laying the foundations for a joint manned mission to the moon early next century, where scientific apparatus to monitor the solar system could be set up.

These proposals have emerged in high-level talks on collaboration in space and are a result of the two powers' warmer relationship over the past two years.

Mr Richard Barnes, director of international affairs at the US National Aeronautics and Space Administrations, said he was encouraged by the discussions. "The dialogue is beginning," he said.

The first programme could be a scheme to put an instrument developed by Nasa for monitoring the ozone layer into space, using a Soviet rocket.

Over the past year the ozone layer has been the subject of intense study by scientists. It is thought that it is being partially destroyed by chlorofluorocarbons, gases used in aerosols, refrigerators and insulating materials.

The instrument could be mounted on a Soviet satellite and put into polar orbit as early as 1990.

Mr Barnes said both sides had agreed to the idea in principle – although the engineering specifications of linking US and Soviet hardware had still to be worked out.

The instrument is a copy of an existing space sensor, called the Total Ozone Measurement System, that Nasa already has in orbit.

Because of a shortage of launchers, Nasa would be unlikely to get the replacement into space using its own rockets until the mid-1990s.

A second scheme under discussion involves sending a package of scientific experiments to the moon, probably early next century, with astronauts from both countries.

# Oil companies plan EC approach

By Max Wilkinson in London and George Graham in Paris

SEVEN of Europe's largest oil companies are attempting to form an association to present a common case to the European Commission in Brussels, and perhaps to discuss refinery closures, several oil companies said yesterday.

The initial purpose is to discuss common technical problems arising from the opening up of the EC's energy market after 1992. The issues to be addressed include lead-free petrol, the harmonisation of taxation on petroleum products – petrol, diesel, industrial and domestic fuel oil – and the development of European quality standards for refined products. However several of the companies are also keen to discuss ways of reducing over-capacity in the refining industry and import controls.

The companies involved in the talks so far are Elf Aquitaine of France, Total of France, Petrofina of Belgium, Repsol of Spain, ENI of Italy, British Petroleum of the UK and Veba of West Germany.

BP officials said yesterday that contacts were of a preliminary nature and that detailed discussions of such matters as refinery capacity would be unlikely in view of EC competition law. BP's second-quarter results published yesterday show that its refining and marketing profits in Europe remain poor.

However, France's oil companies are keen to set up a European lobby group for their industry and hope it will be possible to bring in the European subsidiaries of the US oil majors. They may hope that a common front can be agreed on matters beyond technical standards.

Both Total and Elf Aquitaine are losing large amounts of money on their domestic refining operations and are keen for governments to take action to stem imports of refined products from the Gulf.

French refiners argue that the US taxes imports of refined products heavily, while Japan bans their import except by other refiners, and that the EC, too, should take action against imports in view of its 130m-tonne refining capacity surplus. They have pressed for the EC, in its talks with the Gulf Co-operation Council, to negotiate a duty on

Elf and Total-France, the refining and distribution arm of Total, have repeatedly asked the French Government brake the import of refined products from the Gulf.

A spokesmen for Petrofina and ENI confirmed that talks were going ahead and said that refinery capacity in Europe was a matter of common interest.

# US drought 'will cut output by 31%'

By Nancy Dunne in Washington

THE DEVASTATING 1988 US drought will cut total US grain production to 192m tonnes, 31% lower than last year, the US Agriculture Department said yesterday in its August crop production report.

With hot, dry weather still prevailing in the Midwest and the Plains states, the maize crop is enduring a particular battering. Output will plummet 37% from last year, the USDA said, cutting once-plentiful stocks to 22% – or a three month's supply of annual needs.

If the drought-reduced maize estimate reduction, the largest on record, remains unchanged next month, then the US will be required by law to cut back its acreage reduction programme in order to expand next year's output, the USDA said.

The crop report was released yesterday shortly after President Reagan signed a $3.9bn drought relief package which will ensure a continued flow of Government money to American farmers whose votes may be key in the November elections.

The legislation, billed as "the largest disaster relief measure in history," will speed Government money to farmers who have lost more than 35% of their crops. Payments will be equal to 65% of their losses over the 35% threshold.

Although rain in the Gulf and south-east states helped soyabean producers, the drought of 1988 is by no means over, according to Dr Norton Strommen, the USDA meteorologist. The Department cut last month's soyabean estimate 1.65bn bushels to 1.47bn bushels, a fall of 23% below last year. Stocks will be the lowest in 12 years, and American processors may have to turn to imports for their supplies.

Drought is taking a toll in China, Canada, the Soviet Union and Eastern Europe as well, the Department said. It reduced its estimates of Soviet grain production by 5m tonnes to 210m and predicted that globally, coarse grain production would fall about 9% from last year.

However, plentiful supplies of soyabeans in Latin American will push foreign oilseed production to a record 153.7m tonnes, up 6% from 1987.

# Dollar falls sharply as US prime rate rises

Continued from Page 1

to 27,784.98.

In London, the dollar ended at DM1.900 against the D-Mark compared with DM1.9155 at the previous close. Against the Yen it closed at Y133.85 compared with Y134.45.

Sterling slipped against the D-Mark to end at DM3.2325 against DM3.2400. Compared with the dollar, however it rose, ending at $1.7015 against $1.6910. The Bank of England's sterling index ended 0.2 higher at 76.9.

Stewart Fleming in Washington writes: The increase in US prime rates to double-digit levels will be worrying to Vice-President George Bush's presidential election campaign strategists.

Increasing numbers of Americans have loans and mortgages with interest rates which vary with market rates or the prime rate, so the impact of higher interest rates feeds straight through into household budgets.

# UK inflation 'will continue to rise'

Continued from Page 1

only exacerbate inflation. It calls again for industry to exercise restraint in the pay settlements to which it accedes.

It appears, however, to be comfortable with the present level of 11 per cent base rates. The Bank believes the effect on the economy of the cumulative 3½ percentage point rise in interest rates since June will have a significant impact on the economy.

Its assessment of the UK and world economies is written against a background where the balance of concerns has shifted from the maintenance of growth to the restraint of inflation. The monetary easing which took place after the October crash in world share prices has been reversed to deal with the emerging inflation threat, it said.

The consequence for Britain and the other major economies in the industrialised world is that growth will be less buoyant in the second half of the year compared with the first.

It warns that the recent appreciation in the dollar may slow the reduction in global trade imbalances and cautions against some "over-optimistic expectations" in financial markets over the path for the US trade deficit.

Although the Bank is content with the current level of interest rates they are not, however, fixed for all time. If there were any unexpected deterioration in the value of the pound or evidence that the rise in interest rates was not having a restraining influence on demand and inflation then it could be expected to push for higher rates.

The Bulletin also signals a change in emphasis adopted by the authorities concerning the exchange rate. With the D-Mark's recent weakness, exchange rate policy is now less focused on the D-Mark and more so on the effective exchange rate as defined by the Bank's sterling trade-weighted index.

In this context it noted that the Government had been able to raise interest by a considerable degree without leading to an excessive strengthening in sterling. It noted that with the sterling index around 76.5 it was little changed from the level prevailing at the beginning of the year.

In the Bulletin, the Bank said its two main concerns were the emerging signs of inflation in the UK, and the need to rein in the rapid growth of domestic demand.

A move in this direction would help correct the deterioration in Britain's trade account. The Bank believes the deterioration is a function of too buoyant demand and not a sign that British industry is uncompetitive in world markets. It also believes that the extent, though not the direction, of the deterioration in the trade account is exaggerated.

Its main concerns over inflation are centred on increasing capacity constraints in industry, an acceleration in labour costs and rising world commodity prices.

# OTC worldwide fraud 'involved over $250m and 10,000 investors'

Continued from Page 1

gate after receiving complaints from German investors.

Mr Andrew Chapman, a Briton, and Mrs Simone Davies, a Swiss, have been remanded in custody for three months in Geneva. Six men are being held in France, among them Mr Thomas Quinn, an American to whom both the Geneva magistrate and Mr Staub point as the kingpin of the organisation.

The telephone number of Mr Quinn's villa at Mougins, near Cannes, where he was arrested by French police, was found in the papers seized in the Chelsea Financial offices in Basle, according to Mr Staub.

The whole operation, which attracted more than $250m in investors' money, appears to have lasted less than 18 months, from the establishment in Vaduz, Liechtenstein, in January, 1987 of Kettler International Corporation, which changed its name in June 1987 to Kettler Investment AG.

The method used, compared by a US broker to former US "bucket shop" operations, was to solicit funds from investors for placement in US OTC stocks. Monthly statements were issued but share certificates were "held in safe-keeping" by the investment management companies.

Initial approaches to potential investors were made by letter, usually with samples of financial newsletters, Flash Report and The Swiss Analyst. If the client responded, investments in OTC shares were recommended by letter and by telephone with hints of large profits to be made.

When investors asked to sell their holdings, they were usually persuaded to invest the proceeds of the sale in other, even more attractive stock.

One investor initially received an offer of a free trial subscription to Flash Report, headed, "You do not have to engage in insider trading to achieve more than 100 per cent per month on the exchanges".

The investor was then contacted by letter and telephone from Basle. He invested over the next 10 months through Chelsea Financial in Messidor, Vanguard Financial and Hillside Gold and Minerals.

In a circular letter dated July 8, Chelsea Financial informed him that all clients' accounts would be administered from July 14 by "the head office", Allied Chelsea Inc in Curacao, the Netherlands Antilles.

Client services were to be concentrated in "the European representative offices" of Allied Chelsea in Madrid. Calls to the Madrid telephone number evoke an answering machine which says, "This is not the office of Allied Chelsea."

A "general information" sheet sent to the investor purported to link the Basle company with Chelsea Securities Inc of Newport Beach, California, a member of the US National Association of Security Dealers (NASD).

Mr John Plumb, vice-president of Chelsea Securities, denies any link with Chelsea Financial and describes the information it gave to investors as "misuse and abuse of our name".

He says he began to receive enquiries from investors in November and in December informed an investigator in the Chicago office of the US Securities and Exchange Commission about them.

Several investors report that the telephone salesmen contacting them had American accents. Many of the names used in contacting clients were false, according to Commissioner Staub. There were probably only a few salesmen using different names.

The procedure in the Basle companies was for telephonists to tell clients their contact was not in but would call back. Replies would then be made from Amsterdam, Hilversum, Brussels, Dortmund, Paris or Cannes but with the client believing he was talking to the company in Basle, according to Mr Staub.

Altogether, he estimated, if office staff answering telephones are excluded, the whole network was operated by between 20 and 30 people.

## WORLD WEATHER

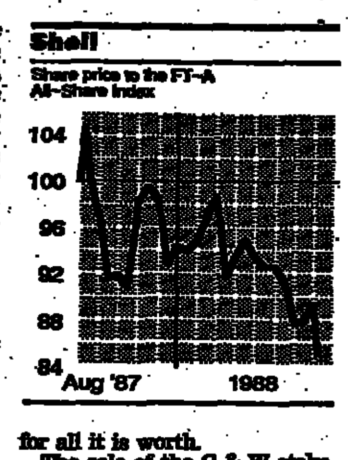
| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 28 | 82 | Dubrovnik | S | 29 | 84 | Malta | S | 32 | 90 | Rhodes | S | 30 | 86 |
| Algiers | S | 31 | 88 | Edinburgh | C | 17 | 63 | Manchester | R | 15 | 59 | Rio de J'o | C | [illegible] | [illegible] |
| Amsterdam | C | 20 | 68 | Faro | S | 25 | 77 | Manila | F | 31 | 88 | Rome | F | 35 | 95 |
| Athens | S | 33 | 91 | Florence | S | 32 | 90 | Melbourne | C | 12 | 54 | Salzburg | S | 28 | 82 |
| Bahrain | S | 36 | 97 | Frankfurt | C | 31 | 88 | Mexico City | C | 25 | 77 | San Francisco | F | 23 | 74 |
| Bangkok | C | 32 | 90 | Funchal | S | 24 | 75 | Miami | R | 30 | 86 | Seoul | F | 34 | 93 |
| Barcelona | S | 28 | 82 | Geneva | S | 29 | 84 | Milan | S | 30 | 86 | Singapore | R | 30 | 86 |
| Beirut | C | 31 | 88 | Gibraltar | S | 31 | 88 | Montreal | C | 30 | 86 | Stockholm | F | 22 | 71 |
| Belfast | C | 14 | 57 | Glasgow | C | 16 | 61 | Moscow | C | 21 | 70 | Strasbourg | F | 27 | 81 |
| Belgrade | S | 32 | 90 | Guernsey | F | 16 | 61 | Munich | F | 24 | 75 | Sydney | S | 15 | 59 |
| Berlin | C | 28 | 82 | Helsinki | C | 16 | 61 | Nairobi | C | 23 | 73 | Taipei | F | 30 | 86 |
| Biarritz | C | 21 | 70 | H. Kong | C | 28 | 82 | Naples | S | 31 | 88 | Tangier | S | 24 | 77 |
| Bombay | F | 30 | 86 | Innsbruck | F | 28 | 82 | Nassau | R | 30 | 87 | Tel Aviv | S | 31 | 88 |
| Bordeaux | C | 23 | 73 | Inverness | F | 16 | 61 | New Delhi | C | 35 | 95 | Tenerife | S | 27 | 81 |
| Brussels | F | 18 | 65 | Islamabad | C | 30 | 86 | New York | C | 34 | 93 | Tokyo | C | 28 | 82 |
| Budapest | S | 30 | 86 | Istanbul | F | 29 | 84 | Nice | S | 27 | 81 | Toronto | C | 31 | 88 |
| B. Aires | C | 12 | 54 | Jakarta | C | 32 | 90 | Nicosia | C | 36 | 97 | Tunis | S | 36 | 97 |
| Cairo | S | 34 | 93 | Jersey | F | 19 | 66 | Oporto | S | 21 | 70 | Valencia | S | 29 | 84 |
| Cape Town | S | 19 | 66 | Jo'burg | C | 18 | 65 | Oslo | C | 24 | 75 | Venice | S | 29 | 84 |
| Caracas | C | 25 | 77 | Lima | R | 16 | 61 | Paris | C | 30 | 86 | Vienna | S | 29 | 84 |
| Casablanca | S | 25 | 77 | Lisbon | F | 28 | 82 | Peking | C | 32 | 90 | Warsaw | S | 27 | 81 |
| Chicago | C | 27 | 80 | London | C | 19 | 66 | Prague | F | 29 | 84 | Washington | – | – | – |
| Cologne | F | 23 | 73 | Los Angeles | C | 27 | 80 | Reykjavik | F | 16 | 61 | Zurich | S | 24 | 75 |
| Copenhagen | S | 21 | 70 | Luxembourg | F | 22 | 72 | | | | | | | | |
| Corfu | S | 31 | 88 | Madrid | S | 31 | 88 | | | | | | | | |
| Dallas | – | – | – | Majorca | S | 33 | 91 | | | | | | | | |
| Dublin | C | 17 | 63 | Malaga | S | 27 | 81 | | | | | | | | |

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

THE LEX COLUMN

# Mixed messages from Big Oil

It almost goes against nature for the BP and Shell share prices to behave differently on interim results day, so one would assume there were some pretty solid reasons why Shell's shares fell 29p and BP's rose 3p yesterday. In BP's case the explanation is good enough. Not everyone had dared hope for a higher dividend; and even though the extra is less a reflection of a particularly strong first half than the need to prevent a large fall in the return to US investors, a prospective yield of nearly 7 per cent is hard to argue with.




For Shell, the reasoning is more flimsy. Although its profits were about £100m lower than expected, a large number of odd items and events beyond the company's control made up the difference; in particular, low gas sales which will be largely made up later, and a higher tax charge in the North Sea. The underlying picture that emerges from both companies is the same: low oil prices hurting upstream profits, higher margins downstream making up some of the damage, and the difference made up by the continued boom in commodity petrochemicals, with a repeat performance likely in the second half.

Of the two, the market regards BP as the exciting one, and has looked on its recent moves with approval. However, the master plan to diversify into nutrition and the $500m purchase of Purina Mills is beginning to look questionable. For such a major division, a first quarter profit of £3m and second quarter loss of £3m is clearly unsatisfactory.

## Racal

Racal management should be able to sleep more peacefully now that those nasty predators at Cable and Wireless have skulked back into the undergrowth and the institutions are falling into line behind the planned float of a minority stake in Vodafone. The fact that the Vodafone plan was rushed out in order to pre-empt a possible C & W bid, or that Millicom's alternative plan for a full demerger may be a better way of maximising shareholder value, appears to have been conveniently forgotten. At the end of the day, managements can still count on a surprising amount of institutional loyalty, even though this might not always be in their best interests, and Racal has been exploiting this for all it is worth.

The sale of the C & W stake suggests that it has given up hope of exploiting any institutional revolt over Racal's plans for Vodafone; and, anyway, has sensed that the City would not be impressed if it were forced to offer the £4 plus per share for Racal which would be necessary if it wanted to be taken seriously. Of course, there is nothing to stop C & W coming in with a higher offer of its own for Vodafone, after Racal management has put a price tag on it, since this is the only bit of the business it really wants. However, this is probably stretching the imagination.

## RHM/Goodman

If the exchange of offer and defence documents marks the first formal round of the Goodman/RHM contest, RHM looks to be ahead on points. The forecast earnings increase of 25 per cent puts the offer multiple at only 15.5 for the year just ending, and RHM has no difficulty in finding food companies which have recently fetched twice as much. Goodman could doubtless reply that this is only partly relevant, the question being how much a 30 per cent shareholder needs to pay for the remaining 70 per cent. But in the food industry or out of it, a company which has produced average dividend growth of 21 per cent over 5 years – and proposes a further 25 per cent this year – looks uncommonly valuable.

Provided, of course, that growth can be sustained. This central point has yet to be tackled squarely by either party, though Goodman promises to return to it shortly. The worry is that the underlying flatness in RHM's sales may be continuing – the defence document offers no help here – and that the doubling in trading margins and return on capital over the past five years may have brought the group to a ceiling of efficiency. But with the shares still 16p short of the offer price, there seems no reason for shareholders to hurry in making up their minds.

## Royal/Victoire

The conventional wisdom that it is dreadfully difficult for UK companies to do deals on the Continent may have less to do with fact than with habit; but the news yesterday of the collapse of merger talks between Royal Insurance and Groupe Victoire will scarcely encourage those who vaguely think they ought to be doing something about 1992.

For its part, Royal has been thinking seriously about Europe for some years, but its operations there remain small. A deal with Victoire would have given Royal significant exposure to Europe – reducing its dependence on the US in the process – and simultaneously strengthened its life business. Indeed, Royal might have been forgiven for paying over the odds for a chunk of one of France's premier insurers, and possibly its choicest European partner.

Price, though, appears to have been less an issue than power. Thanks to the opacity of French accounting practice (to British eyes at least), Royal appears to have realised only belatedly that the proposed deal would have left Victoire controlling a third of the combined group; and with a potentially hostile Antipodean presence already on Royal's share register, this would have left it feeling too vulnerable by half.

## Markets

Judging by its latest quarterly bulletin, The Bank of England is much happier now than it was three months ago with the UK policy mix. Short-term UK interest rates have been raised by almost 300 basis points, whilst sterling, on a trade weighted basis, is modestly weaker, which makes the tough medicine somewhat easier to swallow. Inflation rather than the trade deficit has clearly been identified as public enemy number one, but assumptions that it may top 6 per cent next year may be getting over gloomy. Interest rates may well have to rise again at some stage, but the authorities will need some clear evidence that the expected sharp slowdown in demand is not materialising before they act again.

FINANCIAL TIMES
# COMPANIES & MARKETS
Friday August 12 1988



## INSIDE

### Lex leads the way into US car market

Lex Service, the UK's largest vehicle distributor, is the first British public company to penetrate car retailing in the US, by far the world's largest single market. The breakthrough is one of the clearest indications yet that fundamental changes are taking place in the US car retailing business. Page 22

### Schneider reveals dual purpose

For Schneider Rundfunkwerke, the fast-growing West German electronics company, this is a crucial year. It has taken the bold step of producing its own computers and plans to buy Dual, the loss-making German record player company — "still an excellent name" in the German audio market, says Bernhard Schneider, marketing and sales director and co-owner of 75 per cent of the company. Page 18

### BTR Nylex profits surge 168%

BTR Nylex, the 62 per cent-owned Australian subsidiary of BTR of the UK, reported a 168 per cent surge in net profits after minorities for the six-months to June. The group is one of the darlings of the Australian share market, being well-positioned in a manufacturing sector undergoing a slow restructuring, and aggressively managed by Alan Jackson, its chief executive. Page 20

### ESA sows seeds of confusion

Making money for 'doing nothing' — some people's idea of paradise. But not for Lynn and Alun Thomas, who farm 1,000 acres in mid-Wales. They have decided not to join the government's latest farm suppport scheme which pays farmers compensation for environmentally friendly farming practices. Bridget Bloom looks at the pros and cons of the ESA scheme. Page 34

### Unisys keys in to Unix

Unisys, the US computer group, is to take over Convergent, a California maker of work stations, to bolster sales of computers running on the Unix operating system, a fast-growing market segment. The purchase will make Unisys self-sufficient in the manufacture of distributed computer systems. Page 19

### KLM earnings drop to $48.8m

KLM Royal Dutch Airlines announced a 13 per cent drop in profits in the first quarter of fiscal 1988-89 to Fl 105.5m ($48.8m) from Fl 121.9m in the like period of 1987-88, because the year-earlier earnings were boosted by aircraft sales. For this year, however, KLM expects to book more profits from aircraft sales than last year. Page 18

### Market Statistics



### Companies in this section



### Chief price changes yesterday

**FRANKFURT (DM)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Mannesmann | 173 | + | 2.2 |
| Bayer Hypo. | 327 | + | 4 |
| **Falls** | | | |
| Degussa | 355 | — | 7 |
| BMW | 487 | — | 8.5 |
| Viag | 224 | — | 2.5 |
| Allianz | 1517 | — | 16 |

**PARIS (FFr)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| [illegible] | 465 | + | 15 |
| **Falls** | | | |
| Cie Bancaire | 431 | — | 39 |
| [illegible] | 86.1 | — | 3.7 |
| Bouygues | 425 | — | 22 |
| Radiotech. | 714 | — | 35 |
| Schneider | 407.1 | — | 16.9 |

**NEW YORK ($) at 12.30**

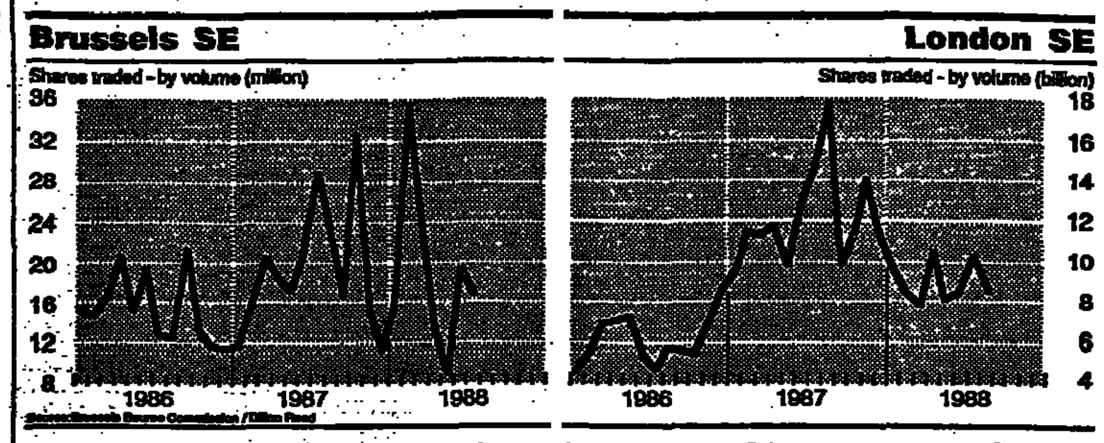
| | | | |
|---|---|---|---|
| **Rises** | | | |
| Convergent | 3⅜ | + | 2½ |
| Gen.Elec. | 40⅝ | + | ⅛ |
| Integon | 8¼ | + | ⅞ |
| Tech.Tape | 15½ | + | 1⅞ |
| Unisys | 32¾ | + | ½ |
| **Falls** | | | |
| IBM | 119 | — | ⅛ |

**TOKYO (Yen)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Pioneer Elec. | 4000 | + | 300 |
| Mitsubishi Pet | 1540 | + | 90 |
| Ricoh | 1410 | + | 80 |
| **Falls** | | | |
| [illegible] Paper | 905 | — | 75 |
| Niigata Engg | 1920 | — | 70 |
| [illegible] | 1390 | — | 80 |

**LONDON (Pence)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Amersham | 623 | + | 11 |
| Barker (C.) | 170 | + | 7 |
| Cable & Wire. | 382 | + | 6 |
| Cohen (A.) | £10 | + | ⅜ |
| Kleinwort B. | 363 | + | 5 |
| Royal Ins. | 400 | + | 5 |
| Scot. & Newc. | 341 | + | 12 |
| Trafalgar Hse | 374 | + | 7 |
| WPP | 605 | + | 7 |
| **Falls** | | | |
| Amstrad | 219 | — | 5 |
| Atkins Bros. | 378 | — | 10 |
| Cadbury Sch. | 372 | — | 8 |
| Foster (J.) | 156 | — | 5 |
| Heath (C.E.) | 428 | — | 9 |
| N'thern Foods | 293 | — | 6 |
| Pearson | 756 | — | 9 |
| Rush & Tmkns | 270 | — | 10 |
| Shell Trans. | £10¼ | — | ⅜ |
| Speyhawk | 306 | — | 9 |
| Stand. Chart. | 511 | — | 7 |
| Stanhope | 287 | — | 6 |




# Belgium lights fire of stock exchange reform

## Tim Dickson reports as the Government moves to break the impasse between banks and brokers

The Belgian Government's effective blueprint for a "Big Bang" — spelt out yesterday by Mr Philippe Maystadt, the finance minister — was prompted by the impasse reached last month in long-running negotiations between banks and the Brussels Stock Exchange over local stockbrokers' quasi-monopolistic position.

Behind the minister's bold attempt to break this deadlock, however, lies a much wider and deeper concern that without urgent reforms, Belgium's capital city will miss out on the opportunities created by the unified European market as institutional investors take their orders elsewhere.

Politicians and financiers are already concerned at the volumes of business being lost to London and Paris.

"It seems to me," Mr Maystadt said in his letter yesterday to Mr Jean Peterbroeck, president of the Stock Exchange Commission, and Mr Leo Goldschmidt, president of the Belgian Banking Association, "that my intervention in this matter is based on a more global perspective, which is that the modernisation of Brussels as a financial centre is necessary in view of the competition which will face all parties in the newly integrated European financial services market foreseen for 1992."

"A complete recasting of the legislative framework and rules of bourse activities seems unavoidable," Mr Maystadt said."

He is to set up a new Government commission, comprising institutional and foreign investors as well as representatives of the banks and the stock exchange.

The aim is to reach outline decisions on key issues facing the market by the end of October.

Mr Maystadt did not make formal proposals yesterday, but he made clear his view that the stock exchange should be opened up to Belgian financial institutions, and ultimately to foreigners, not least for the capital which they can bring.

Moreover, he indicated, the bourse is much too fragmented, with more than 300 individual firms, and greater transparency in dealings is badly needed.

The deep leather armchairs on the floor of the Brussels Stock Exchange are an indication of the somewhat relaxed atmosphere which has prevailed over the years.

Nevertheless, contrary to some impressions, the 314 stockbroking firms do not have a monopoly of all trading in Belgian stocks. Under local law, banks are allowed to deal "off bourse" in parcels of shares worth more than BFr10m ($250,000). Below this figure they have to go through the market.

However, as in London until the changes which preceded "Big Bang," banks are not allowed to participate in the capital of stockbroking firms - a restriction which has been increasingly irksome to them. It has been the main subject of negotiations which started two years ago.

Running in parallel with this issue, meanwhile, has been the stock exchange's own efforts to modernise its practices via the introduction of CATS, a continuous electronic trading system with centralised price information.

This initiative has been intended to provide greater transparency in dealings - and to end the situation most marked during this year's buying spree in Société Générale de Belgique when some investors were blatantly disadvantaged. As things stand, however, the banks fear that CATS could be a further threat to their position.

Under one stock exchange plan, the banks would be able to see the prices on their screens and use them as a guide for their own block trading — the facility would not be "two-way" and thus afford them direct access to the market.

"They are afraid that their clients will go straight to a stockbroker," one experienced observer explained last night.

Given Belgian governments' traditional "hands-off" approach to the financial markets, Mr Maystadt's announcement of a new commission and his decision to chair it was widely welcomed as a "positive" and "courageous" move.

Mr Sebastian Scotney of investment bank Dillon Read pointed out that Mr Maystadt's predecessor, Mr Mark Eyskens, was particularly disinclined to get involved in what he considered a private matter.

No one, however, believes that the forthcoming negotiations will be any easier than what has gone before or that Mr Maystadt's letter provides an altogether clear indication of the way ahead.

At first glance, it appears to offer most encouragement to the banks but, not surprisingly in a country which is governed by compromise. it skates round some of the more sensitive issues.

Nothing specific, for example, is said about Mr Peterbroeck's ambition to bring the banks' block-trading market under the wing of the stock exchange or his insistence that stockbrokers' "autonomy" be respected — a key factor in the previous impasse.

Mr Maystadt, however, makes clear that the CATS system, due for introduction in September, will not be allowed to proceed until the negotiations have made some progress.

Speaking from his holiday in Portugal yesterday, Mr Peterbroeck said he regretted this decision but he welcomed the new "guidelines" which had been laid down by the minister. He stressed the importance of modernising the bourse but, while accepting the desirability of outside capital, emphasised the need to maintain the "autonomy" of stockbrokers.

On the question of access to the market, Mr Maystadt suggests that stockbroking firms should continue to exist but that their management should be "flexible" and take into account the capital provided by shareholders.

He says, moreover, that a code of ethics should be devised to avoid conflicts of interest, that re-groupings of firms should be encouraged, that minimum capital requirements should be fixed with a distinction drawn for those who wish to be market-makers as well as agents, and that other domestic and foreign financial institutions should not be excluded.

Brussels Stock Exchange: Government's move welcomed by both sides to dispute

# RHM bolsters bid defence with £156m forecast

**By David Waller in London**

Ranks Hovis McDougall, the UK foods group fighting a £1.72bn ($2.9bn) from Goodman Fielder Wattie, yesterday buttressed its defence against the Australasian food company by forecasting pre-tax profits of at least £156m for the year to September 3.

The forecast, contained in RHM's defence document, represents a 34 per cent increase over the 1986-87 and is ahead of stockbrokers' estimates, which had settled around the £150m mark. RHM also forecast that earnings per share and the dividend would rise by 25 per cent each.

In the document, RHM claimed that Goodman's bid price of 465p a share fails to reflect its "outstanding" earnings and dividend record over the past five years. And, according to RHM, the bid terms represent a much lower multiple of historic earnings than those paid so far this year in acquisitions of European food manufacturing companies.

Goodman responded aggressively, claiming that the forecast was disappointing, and that in any case it was arrived at before rationalisation costs of £14m, which are taken "below the line" as extraordinary expenditure. "If these are taken into account, the price earnings ratio works out at significantly more than the 15.5 quoted by RHM," said Mr Rupert Faure Walker of Samuel Montagu, Goodman's merchant bank adviser.

RHM claimed that Goodman's offer was parsimonious compared with the exit multiples paid, for example, when Nestlé bought Buitoni and Rowntree or when United Biscuits bought Ross Young's: the historical multiples on these transactions were 35, 26 and 25 respectively.

Goodman countered by saying that the offer represents a substantial premium to the UK food manufacturing sector's prospective p/e of 11.7, and repeated its contention that RHM had entered a period of profits stagnation and slow growth.

The bid is one of the largest and most leveraged hostile takeover attempts seen in the UK, and, inevitably, the Antipodean predator's finances also came under attack. The combined group would have "dangerous levels of borrowings," the UK company claimed.

"On its own figures," RHM's document states, "the borrowings of a combined GFW/RHM would represent 2½ times shareholders funds. GFW has not shown how it could meet its banking obligations whilst maintaining RHM's expenditure on capital expenditure and research and development."

RHM took the opportunity to disclose that it has invested nearly £50m in the Mr Kipling brand alone in the five years to September 1987, and spent £98m on supporting its brands with advertising over the same period. Total capital expenditure over the last five years was £342m. Such a level of expenditure could not be maintained by Goodman, RHM alleged.

According to the document, the combined group would have negative net tangible assets of £494m, and that total borrowings would be would amount to £1.93bn. Interest costs, assuming an average interest rate of 12 per cent a year, would exceed £230m a year.

RHM also alleged that Goodman would find it difficult to manage the company from the other side of the world. "GFW's sales outside Australia and New Zealand in 1986/87 were equivalent to about £70m — RHM's sales outside the UK in 1986/87 of £350m were five times as large.",

Shares in RHM added 4p to close at 459p, 6p below the Australasian company's offer. GFW already owns 29.3 per cent of the target company's shares.

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# Shell and BP report surge in profits for first half

**By Steven Butler in London**

ROYAL Dutch/Shell and British Petroleum, two of the world's biggest oil companies, yesterday turned in broadly similar performances for the first six months.

On a replacement cost basis, which best reflects the underlying trend in net profits, Shell's earnings were up 27 per cent at £1.56bn, while BP moved ahead 25 per cent to £731m.

The two companies diverged, however, on where profit came from in the underlying businesses. And their share prices moved in opposite directions yesterday as Shell came in well below market expectations, while BP offered some pleasant surprises.

Shell earnings in oil and gas exploration and production were halved in the second quarter — 35 per cent in the half-year.

BP's earnings also fell in the exploration and production sector, although by only 17 per cent in the half-year.

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# Racal set to win flotation vote and C&W sells stake

**By Hugo Dixon in London**

The management of Racal is likely to win approval next week for its disputed plan to float the UK electronics group's telecommunications subsidiary, an informal poll of shareholders indicated yesterday.

The proposed flotation of 20 per cent of Racal Telecommunications Group, which includes Vodafone, the fast-growing mobile communications operator, has been opposed by Millicom, one of Racal's largest shareholders, which favours a complete demerger.

Separately yesterday, Cable & Wireless, the UK-based international telecommunications group, said it had sold its 2.8 per cent stake in Racal.

The two developments appear to suggest that the management's partial flotation strategy has achieved its objective. When the announcement was made in April, the move was seen as an attempt to ward off predators by boosting Racal's share price.

C&W said in June that it had bought its stake as a "strategic investmen." Sir Eric Sharp, C&W chairman, saw possible synergy in combining Vodafone and Mercury Communications, a C&W subsidiary which operates a conventional telecommunications network in the UK.

C&W yesterday refused to say why it had sold its stake. Analysts speculated, however, that it took the opportunity to make a profit of about £16m ($27m). Smith New Court, the investment house which is also acting as one of Racal's brokers, bought the stake.

Racal management's plans are almost certain to be approved at an emergency general meeting next Tuesday, according to interviews with 14 of the 20 shareholders who hold more than 1 per cent of Racal's stock.

Of these, only one shareholder - apart from Millicom itself - said it was supporting Millicom's proposals. Eight said they were supporting the management, while four said they would be abstaining or were undecided.

The shareholders who support the management account for about 18 per cent of Racal's equity. The opponents account for 7 per cent if Millicom is included.

Furthermore, Guardian Royal Exchange, which is Racal's largest shareholder with 6.2 per cent, is understood to be supporting the management. The 2.8 per cent stake sold by C&W is now in friendly hands, although it is unlikely that it will be on the register soon enough to take part in the vote.

Many shareholders said they had been persuaded by the logic of Millicom's proposals, but nevertheless decided support what they regarded as Racal's successful management.

Mr Shelby Bryan, Millicom's chairman, said that too few votes were in to determine who had won yet. "Our plan is not to give up before Tuesday."

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# Fisons pays $53m for Italchimici

**By Andrew Taylor in London**

FISONS, the UK drugs, scientific and horticulture group, yesterday launched a major expansion in Italy, with the acquisition of Italchimici for £31.5m ($53m).

The British company says Italy is the world's fastest growing pharmaceuticals market. Italchimici will continue to make drugs under licence from several large international companies, as well as selling products supplied by Fisons.

"Opportunities to expand in the pharmaceuticals industry by acquisitions come very seldom," Fisons said yesterday. "Most companies are too large and would command too high a price tag, even if they were available."

Italchimici is based in Rome and has a production facility at Pomezia, south of the Italian capital. It made pre-tax profits of £2.6m in 1987, on sales of £11m, and had net assets of £7.8m at the year-end.

Fisons especially wants to increase Italian sales of Intal, an anti-asthmatic drug, and Tilade, its new respiratory drug. Fisons said sales of Intal were growing rapidly in the US and still expanding in some European countries, including Italy.

Tilade is regarded as one of the most important of Fisons' new generation of drugs. It is already sold in the UK, Ireland, the Netherlands and France. West Germany granted approval earlier this month, and Fisons expected it to be cleared by Italy early next year.

Italy, with sales of $5.3bn in 1986, is the world's fifth largest pharmaceutical market, according to Fisons. Until now the company has had a very small presence in the country, operating through a sales staff of only about 30 — a number that will more than quadruple with the purchase of Italchimici.

# INTERNATIONAL COMPANIES AND FINANCE

# Special factor hits KLM in first period

By Laura Raun in Amsterdam

KLM ROYAL Dutch Airlines yesterday announced a 13 per cent drop in profits in the first quarter of fiscal 1988-89 because the year-earlier earnings were boosted by aircraft sales.

Net income fell to Fl 105.5m ($48.8m) in the quarter ended June from Fl 121.9m in the like period of 1987-88 when a Fl 26.5m gain was booked from the sale of three DC-9s.

The national flag carrier, which is 39 per cent owned by the Dutch Government, repeated its position on a possible joint venture to the annual shareholders meeting yesterday.

KLM is in regular contact with a number of potential partners about joining forces to better compete or fend off hostile takeover attempts, but it refuses to disclose names.

Non-consolidated companies swung to a loss of Fl 8.8m from a profit of Fl 1.7m in the year-earlier period, mostly due to technical changes in accounting methods. But some of the red ink is believed to be due to various hotel stakes.

Last month Mr J.F. De Soet, chairman of KLM, said the company wanted to spin off some of its hotel activities in order to concentrate on its core operations of air transport. Last year the hotels as a whole lost money.

Profit margins nevertheless widened in the first quarter due to a slightly higher load factor on KLM's aircraft – the seats and stowage filled out of possible total. A greater number of passengers in more expensive seats and on more remunerative routes also was credited.

Total revenue rose 7 per cent to Fl 1.24bn from Fl 1.16bn, thanks to good growth in passengers and freight.

Overall costs increased a more modest 5 per cent to Fl 1.35bn from Fl 1.28bn, fuelled by a big decline in equipment maintenance costs.

KLM, which reported a net profit of Fl 314m in the financial year to end-March compared with Fl 301m in the previous year, said recently it would make its first tax reserve since World War Two.

# Schneiders program expansion

## Andrew Fisher on the ambitions of a German computer group

For Schneider Rundfunkwerke, the fast-growing West German electronics company which recently ended its fruitful partnership with Amstrad of the UK, 1988 is turning out to be a crucial year.

Not only has Schneider taken the bold step of producing its own computers instead of putting its name on South-Korean products developed jointly with Amstrad, but it also intends to buy the other half of Dual, the lossmaking West German record player company in which it acquired a 50 per cent stake at the start of this year.

Based near the sedately attractive spa town of Bad Woerishofen in rural Bavaria, Schneider last year achieved a turnover of DM250m ($130m) in computers. This year it aims to repeat this, as production of its new and more up-market computers moves up to around 25,000 a month in the autumn.

Total turnover last year was DM720m, a rise of 17 per cent, with net profits rising by 15 per cent to DM31m. Mr Bernhard Schneider, marketing and sales director and owner with brother Albert of 75 per cent of the company (part was floated to the public nearly two years ago), says turnover this year should stay at around the 1987 level, bearing in mind the start-up efforts needed for the new computer range.

Next year, however, Schneider hopes to start pushing towards DM1bn, with profits again growing correspondingly. "Up to the mid-1990s, computers should make up at least half our total turnover," says Mr Schneider. According to Mr Hans-Juergen Thaus, the finance director, the company has the DM1bn turnover mark in its sights for 1990 and could just achieve this in 1989, if all goes well on the export front.

Schneider decided to make its own computers – it still imports the monitors and disks – to increase its market flexibility, reduce the threat from copycat products, and thus gain an edge over products from the Far East. "The time advantage is vital for new products," notes Mr Schneider. "Everyone is so quick to copy." To have products made in the Far East, planning needs to be done six months ahead. "Here, it can be done in two or three months."

Schneider's cheapest new computer is the Euro PC, aimed partly at beginners and costing DM1,300. The more advanced Tower PC, capable of extension and designed for more sophisticated users, costs DM2,500 in its basic form and more than DM8,000 with additions. Both are attractive in appearance – "we have gone for a chic fashion-oriented design" – and more up-market than those it sold previously.

Bernhard (left) and Albert Schneider: DM1bn sales target

Because of the greater flexibility obtained by building its own products, the company could live with a cost level of up to 5 per cent above that of Far Eastern production, Mr Schneider says. Through a high level of automation, to which most of last year's DM22m capital investment was devoted, it can overcome the difference in labour costs.

"With very modern manufacture and products such as televisions or computers where labour costs make up around 10 per cent of the total – that's where the limit is for us – it is well worth producing in Germany."

Schneider, restricted mainly to German-speaking countries under its deal with Amstrad, intends eventually to export half of its computer output, concentrating at first on Europe, including the UK. In France, it still has to clear up use of the Schneider name, as there is a French company of the same name, though not in computers.

One of Schneider's competitors will be Amstrad itself, now developing its own German sales effort. "In Alan Sugar (the head of Amstrad), we have our most serious competition," notes Mr Schneider, who expresses envy and admiration for the UK company's rapid growth. "But he is one of many."

The German company hopes to capitalise on its improved flexibility and its newly developed knowhow in computers. It has also been helped by Siemens' expansion into 1 megabit memory chips, now in world shortage, which Schneider uses in its Tower PC. "Without Siemens, we couldn't have done this," says Mr Schneider. "We would have had to go to the black market or the Japanese."

Siemens and Schneider are similar in that neither wants to see more industrial capacity lost to the Far East. "We shouldn't let more (engineering and electronic output) go, but should try and bring some back," says Mr Schneider. Thus the company also aims to rebuild the reputation of Dual, a once flourishing company whose turnover is now only DM70m a year.

It has the rest of this year to exercise its option to buy the rest and intends to do so. Dual, bought by Thomson of France after a financial collapse six years ago, is still "an excellent name" in the German audio market, feels Mr Schneider.

As well as building up Dual's product range, Schneider also wants to use its capacity to help expand in computers. (Two Schneider computers, including a portable, are still made in Asia). It expects Dual to return to profit in 1989 after breaking even this year.

In German investment circles, Schneider is highly regarded as an innovative company with above average growth rates. After its drive in the computer sector, it plans what Mr Schneider, declining to reveal more, calls "a fantastic new product" in the audio field.

Realistically, he admits that not all ideas succeed. Whether or not this one does, and whether or not consumers take to the new computers – the company says the initial response has been good – Schneider is likely to remain a strong talking point among investors.

# Porsche to reduce US sales 25%

PORSCHE, the West German sports car group, plans to cut its US sales by about 25 per cent in the 1988/89 model year, said Mr Hans Halbach, management board member in charge of sales, Reuter reports from Ludwigsburg.

Mr Halbach said the cut in US sales to around 17,200 cars in the year started August 1, from 23,000 last year would prompt some of the 309 Porsche dealers there seriously to consider giving up the franchise.

The 1988/89 figure comprised 15,000 new deliveries to the US and cars already stockpiled there.

Porsche, which has sold around half of its cars in the US since the 1950s, has seen sales there drop from around 30,000 in recent years. The dollar's fall since 1985 has made the cars more expensive, especially compared with Japanese vehicles.

Porsche's financial performance has also suffered as a result, with net profits falling to DM51.9m in the year to July 31, 1987, from DM75.3m the year before. The dividend on preference shares was cut to DM11 from DM16.

However, Mr Halbach said the company made a profit in the 1987/88 business year and would pay a dividend to shareholders.

Porsche had decided to cut its US sales due to the unfavourable market situation there for European car manufacturers, caused by the weak dollar, and buyer caution since the October stock market crash.

Porsche was upgrading the performance and fittings of its four-cylinder models, partly to combat growing competition from Japan which was making inroads into the lower end of the sports car market, Mr Halbach said.

But he expressed no alarm at the Japanese presence in the sports car market. "I am not scared because we are the company which builds sports cars which are practical and reliable in daily use," he said.

He said many Japanese sports cars were built on a sedan chassis, were well-equipped and looked good. "But they are not sports cars in that they are not conceived, designed or engineered as such," Halbach said.

The cut in US sales and the move to the upper end of the luxury car market was leading dealers there to consider if it was worthwhile for them to keep their franchises and some would not be able to meet the new operating standards, he said.

He declined to say how many dealers would give up franchises. He said Porsche did not have a master plan for defining how many dealers it needed in the US in the future.

# Ausimont sells two carpet units

By John Wyles in Rome

AUSIMONT, the specialty chemicals subsidiary of Italy's Montedison Group, yesterday sold two carpet tile manufacturing companies to Interface, a Georgia-based flooring and office equipment group, for more than $150m.

The Netherlands-based company said that the deal, which will be completed on September 2, had been under consideration for a year and was quite independent of the study it is currently making with the Morgan Stanley merchant bank on how best "to maximise shareholder values." This is commonly understood to mean that it is ready to be taken over for the right price.

The two subsidiaries falling under US control are Heuga and Pandel, both modular carpet manufacturers with production plants in the Netherlands, the UK, Australia, the US and Canada. Their combined sales last year were $230m.

In addition to $150m in cash, Ausimont will receive an option to purchase 100,000 Interface class A common stock at a $4 discount to current market prices. The closing price on the Nasdaq exchange on Wednesday was $14.25.

Interface has also agreed to repay certain intercompany debts, the value of which was not disclosed yesterday.

Interface's sales will almost double after the acquisitions are completed. The company reported net profits last year of $18.7m on sales of $267m.

The agreement falls into the pattern of widespread asset sales across the Montedison Group as its president, Mr Raul Gardini, seeks to concentrate on core businesses and to pay off the group's L8,000bn ($5.65bn) debt. Deals already made or in the pipeline could bring the debt burden down to L1,200bn by the end of next year.

# Privatbanken lifts profit by 38% at six months

By Our Copenhagen Correspondent

PRIVATBANKEN, Denmark's third biggest commercial bank, yesterday announced an impressive performance for the first six months of 1988, recording a 38 per cent rise in group earnings before depreciation to DKr632m ($86m) from DKr459m a year earlier.

The balance sheet total was put at DKr101.9bn (against DKr96.7bn in the first half of 1987), with profit on ordinary operations before expenses at DKr1.6bn (DKr1.3bn) and net interest income at DKr1.2bn (DKr990m).

Adjustment of securities to market value went into surplus at DKr423m, compared to a DKr 37m loss reported a year ago.

Privatbanken said it confidently expected the increase in net earnings to continue in the second half of this year, although at a more modest level, paving the way for a greatly improved result for the whole year. In 1987, the group recorded a DKr295m profit before tax.

Andelsbanken Danebank, the fifth largest Danish bank, also reported an encouraging first-half result, with profits on ordinary activities before expenses at DKr1.2bn, a 9 per cent improvement over last year's interim result.

Andelsbanken's balance sheet total for the first six months of 1988 stood at DKr52.3bn (DKr50.6bn) and earnings before depreciation were DKr532m (DKr478m), an 11.3 per cent increase.

Andelsbanken's profit gains were attributed to net earnings on interest and commissions – up by DKr79m to DKr916m – and foreign exchange transactions, which yielded a profit of DKr157m against DKr122m in the first half of 1987.

The latest half-year result includes Hellerup Bank, a leading suburban Copenhagen bank taken over in January.

Andelsbanken expects a good year in 1988, with growth projected to continue at home and abroad.

# Beiersdorf bids $57m for US tape company

By Our Financial Staff

BEIERSDORF, a West German cosmetics and pharmaceuticals company, yesterday offered to buy Technical Tape, a New York state adhesive tape producer, for $16 a share cash or a total of $57m.

The offer expires later today. In a letter to Technical Tape, Beiersdorf said the acquisition was contingent on the termination of the US company's merger agreement with Dainippon Ink & Chemicals of Japan.

The acquisitive Dainippon, through an indirect wholly-owned subsidiary, commenced a $13.75 a share tender offer for Technical Tape last month. Technical Tape said it is reviewing it with its financial and legal advisers.

## INTERNATIONAL COMPANIES AND FINANCE

# Unisys buys ailing computer maker

By Roderick Oram in New York

UNISYS, THE US computer group, is to take over Convergent, a California maker of work stations, in an effort to bolster sales of computers running on the Unix operating system, a fast-growing market segment.

It will pay $7 a share in cash and Unisys shares – about $350m in total – for Convergent, which has struggled with hefty losses since a series of commercial setbacks in the mid-1980s. The target's shares jumped $2⅛ to $5⅝ in early trading yesterday on the news, which had broken the previous evening.

Convergent's technology is particularly prized by Unisys which sells under its own name some of Convergent's computers. With the purchase, Unisys will become self-sufficient in the manufacture of distributed computer systems in which small computers work together in networks.

Unisys is a leading supporter of a drive by American Telephone and Telegraph, which devised Unix, to make the operating system a global industry standard.

Mr Michael Blumenthal, Unisys chairman, said: "Convergent will become a cornerstone of our rapidly growing business in distributed systems based on open industry standards.

"Convergent's skills and expertise in engineering, manufacturing and third-party sales will allow us to play a broader role in this market."

Known better by its Convergent Technologies brand name, the nine-year-old company is also a leading supplier of computers for other manufacturers such as NCR of the US and Groupe Bull of France, which sell them under their own names.

This dependence on other companies for sales caused it severe problems, however. In 1986, AT&T sharply reduced its purchase of Convergent's Unix-based personal computers and it was also hurt by a disastrous foray into portable computers, losing $28.1m on sales of $305.8m in 1986 and a further $19.3m on $384.8m last year.

Following drastic steps, such as the firing of a quarter of its 1,900 employees, Convergent reduced its first-half loss this year to $2.1m from $10.7m a year earlier. Unisys believes its takeover will enable Convergent to make further reductions in staff and costs.

Unisys plans to use a mix of 45 per cent cash and 55 per cent of its own stock for the purchase, but has reserved the right to change the proportions.

Efforts to boost Unix as a standard have also been furthered by a marketing deal which Sun Microsystems, a California work station maker in which AT&T has a strategic stake, has struck with Fujitsu.

The Japanese computer maker is to sell Sun's S family computers, initially in the Japanese market, in a five-year deal worth at least $280m.

The two companies already have close links, with Fujitsu manufacturing the Sun-designed Scalable Processor Architecture Chips. Sparc semiconductors, which are also made by three US companies, offer significant performance and cost benefits over competing designs.

# Seagram, GrandMet in distribution deal

By Lisa Wood

A POTENTIAL source of conflict between Grand Metropolitan, the UK drinks group, and Seagram, the Canadian drinks company, concerning distribution of GrandMet's brands in the Far East has been resolved.

The dispute arose in February after Seagram beat GrandMet in a tough takeover battle for Martell, the French cognac house.

The previous year, GrandMet, whose principal brands include Smirnoff Vodka and J & B Rare Scotch whisky, had struck a distribution agreement with Martell. The deal was particularly important for GrandMet in the Far East, where Martell had one of the strongest drinks' distribution systems.

The £525m ($887.2m) acquisition of Martell by Seagram threw this agreement into question, with GrandMet threatening legal action should Seagram seek to terminate the agreement.

In a joint statement yesterday, IDV, the GrandMet drinks subsidiary, and Seagram announced a new agreement which they said superseded all previous distribution agreements between IDV and Martell.

Under the terms of the deal, Seagram will market and distribute all IDV drinks brands – as well as its own brands, including Martell cognacs, Janneau Armagnac, Mumm champagne and Chivas Regal – in Hong Kong, Malaysia, China, Singapore and Thailand.

IDV will market and distribute Seagram brands – including Martell and Janneau – in territories where Seagram does not currently have its own distribution.

Details of these will be announced. Seagram has one of the most extensive distribution systems of any of the leading drinks groups and Africa may be one of the few areas IDV will distribute Seagram brands.

The terms of the previous agreement were never made public but it is understood it covered areas other than the Far East.

Mr George Bull, IDV chairman, said: "We are convinced that this new relationship will strengthen our international business, especially in the Far East where we see great potential for future growth."

Mr Edgar Bronfman Jr, head of Seagram's US operations who negotiated the acquisition of Martell, said he looked forward to developing interests in the Far East.

The City welcomed the deal, which gives IDV a stronger exposure to the small but growing Far Eastern markets.

Ms Michelle Proud, of County Natwest Wood Mac, said the two groups' brands made a good fit.

She added: "The deal gives IDV the distribution and Seagram the brands to put through its distribution system in the Far East."

Edgar Bronfman: negotiated acquisition of Martell

# US Postal Service cuts tie with Perot

By Our New York Staff

THE US Postal Service yesterday cancelled a contract with Mr Ross Perot, the maverick Texas billionaire, under which he would have been paid a share of cost savings he achieved – reaping him hundreds of millions of dollars.

Mr Anthony Frank, the Postmaster General, said "it was clearly a mistake" to have awarded the contract to Mr Perot's company without competitive bidding.

Perot Systems will continue with a six-month $500,000 study to identify savings but it will not compete for contracts to implement changes to the Postal Service's management and operations.

Mr Perot said he was "satisfied with the outcome." The new arrangement "allows us to serve effectively the Postal Service without any compromise on the quality of the results."

Criticism of the original contract was led by Electronic Data Systems, the company Mr Perot sold to General Motors for $2.5bn and for a seat on the car maker's board in 1984. Mr Perot's attempt to bring his aggressively entrepreneurial style to bureaucratic GM resulted in an acrimonious dispute with fellow board members.

Under terms of his December 1986 separation agreement with GM, Mr Perot was barred from hiring EDS employees until this June. On the day the ban expired Mr Perot announced his new company, funded by a Perot family partnership called Here We Go Again and staffed by senior EDS executives.

Perot Systems intends to seek other work in computer and management systems but cannot, under other terms of the GM agreement, compete for profit against EDS until December 1989. Thus the Postal Service will pay only Perot Systems' expenses.

The General Services Administration, the Government's supply service, ruled that the original Perot Systems' contract to share in cost savings violated federal contracting laws.

# Hughes Aircraft protest halts IBM contract

By Janet Bush in New York

A RECORD $3.6bn contract awarded recently to International Business Machines has been suspended pending a hearing on a protest from Hughes Aircraft, a subsidiary of General Motors.

The General Services Administration Board of Contract Appeals said yesterday that the hearing into the Hughes Aircraft complaint from would be held on September 9 and, until then, the IBM contract was suspended.

Hughes Aircraft was passed over in favour of IBM after a four-year competition for the contract, which was part of a large programme overhauling the US air traffic control system, run by the Federal Aviation Administration. IBM and Hughes Aircraft competed for the order to build the Advanced Automation System.

Hughes Aircraft filed its protest to the GSA last week. It charged that IBM had been able to submit a lower bid because it was allowed to include the use of second-hand computers. Hughes Aircraft said it was required to use only new computers in its submission to the FAA.

It also contended that IBM, which supplies it with computers, had inflated the prices Hughes Aircraft had to pay above the levels quoted in IBM's submission to the FAA. This boosted the total price of Hughes Aircraft's bid.

# Mitel reduces loss to C$2.1m

By Our Montreal Correspondent

MITEL CORPORATION, the telecommunications equipment producer controlled by British Telecom, has reduced its first-quarter loss.

For the three months ended July 1, Mitel's deficit was cut to C$2.1m (US$1.75m) after preferred dividends, equal to 4 cents a share, from C$7.5m or 15 cents a year earlier. Sales were C$101m against C$92m.

Cost of sales was 59 per cent of revenues, up 6 per cent, because of US price reductions and changed product mix.

# Imperial Oil acquires United Canso reserves

By Robert Gibbens in Montreal

IMPERIAL OIL, Canada's largest integrated oil company which is controlled by Exxon, is paying C$139m (US$113.9m) for part of the western oil and gas reserves of troubled United Canso Oil and Gas.

This brings to C$1.27bn the amount Imperial has paid out over the past year to raise its hydrocarbon reserves.

The company is bullish about future natural gas exports and is also a leading user of gas for enhanced recovery and refinery operations.

The United Canso assets are complementary to reserves Imperial bought this spring from Ocelot Industries for C$360m. Late last year, Imperial bought Sulpetro, a large gas producer, for C$780m.

● TransCanada PipeLines is seeking National Energy Board approval for a C$555m expansion of its Canadian gas transmission system. It aims to run pipelines parallel to its existing pipeline east of Winnipeg and to add compression stations, mainly in Ontario.

## NORTH AMERICAN QUARTERLY RESULTS

**ALLIS-CHALMERS**
Air control, fluid handling equipment

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 104m | 104.3m |
| Net income | 951,000 | 1.41m |
| Net per share | #0.06 | #0.03 |
| Six months | | |
| Net income | #8.7m | #8.3m |
| Net per share | #0.85 | #0.82 |

# Loss

**ANACOMP**
Micrographics

| | 1987/8 $ | 1986/7 $ |
|---|---|---|
| Third quarter | | |
| Revenues | 100m | 108.6m |
| Op net income | 8m | 5.7m |
| Op net p/shr | 0.20 | 0.14 |
| Nine months | | |
| Revenues | 300.9m | 166.9m |
| Op net income | 23.7m | 9.6m |
| Op net p/shr | 0.56 | 0.27 |

**CROWNX**
Financial services

| | 1988 C$ | 1987 C$ |
|---|---|---|
| First quarter | | |
| Revenues | 343.7m | 316.4m |
| Op net income | 15.6m | 24m |
| Op net p/shr | 0.13 | 0.28 |

**FRANK B. HALL**
Insurance broker

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 89.2m | 96.6m |
| Net income | #7.1m | #2.2m |
| Net per share | #0.53 | #0.29 |
| Six months | | |
| Revenues | 191.2m | 202.2m |
| Net income | #1.43m | 5.55m |
| Net per share | #0.47 | #0.85 |

# Loss

**FOOTE CONE & BELDING**
Advertising agency

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 97.2m | 85.4m |
| Net income | 4.74m | 5.68m |
| Net per share | 0.55 | 0.68 |
| Six months | | |
| Revenues | 189m | 156.5m |
| Net income | 7.13m | 7.72m |
| Net per share | 0.83 | 0.92 |

**GEICO**
Insurance

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 422.5m | 388.7m |
| Op net income | 35.7m | 37.5m |
| Op net p/shr | 2.27 | 2.23 |
| Six months | | |
| Op net income | 68.6m | 67.4m |
| Op net p/shr | 4.27 | 4.01 |

**GENESCO**
Footwear

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 114.7m | 96.3m |
| Net income | 3.6m | 395,000 |
| Net per share | 0.20 | n/a |
| Six months | | |
| Revenues | 216.5m | 188.9m |
| Net income | 1.31m | #2.5m |
| Net per share | 0.02 | n/a |

# Loss

**GULF CANADA RESOURCES**
Resources

| | 1988 C$ | 1987 C$ |
|---|---|---|
| Second quarter | | |
| Revenues | 299m | 177m |
| Net income | 21m | 47m |
| Net per share | 0.04 | n/a |
| Six months | | |
| Revenues | 455m | 366m |
| Net income | 47m | 85m |
| Net per share | 0.12 | n/a |

**HALLIBURTON**
Oilfield services

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 1.19bn | 901.3m |
| Net income | 24.7m | 1.5m |
| Net per share | 0.24 | 0.02 |
| Six months | | |
| Revenues | 2.24bn | 1.7bn |
| Net income | 56.5m | #6.7m |
| Net per share | 0.54 | #0.06 |

# Loss

**HENLEY MANUFACTURING**
Industrial holding company

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 173.5m | 156.9m |
| Net income | 16.1m | 7.1m |
| Net per share | 1.53 | n/a |
| Six months | | |
| Revenues | 328m | 306m |
| Net income | 30m | 11.2m |
| Net per share | 2.87 | n/a |

**ITT FINANCIAL**
Financial subsidiary of ITT

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 364.4m | 313.6m |
| Net income | 38.4m | 33.3m |
| Six months | | |
| Revenues | 722.9m | 632.4m |
| Net income | 72.5m | 68.4m |

**KINDER-CARE**
Coaches

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 217.6m | 125.5m |
| Net income | 14.1m | 11.3m |
| Net per share | 0.26 | 0.25 |
| Six months | | |
| Revenues | 381.9m | 244.1m |
| Net income | 27.6m | 22.3m |
| Net per share | 0.52 | 0.50 |

**MERCANTILE STORES**
Retailing

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 490.1m | 476.2m |
| Net income | 18.8m | 17.9m |
| Net per share | 0.51 | 0.48 |
| Six months | | |
| Revenues | 955.1m | 920.7m |
| Net income | 46.6m | 45.1m |
| Net per share | 1.26 | 1.22 |

**MOORE**
Business forms*

| | 1988 US$ | 1987 US$ |
|---|---|---|
| Second quarter | | |
| Revenues | 620.6m | 548.3m |
| Net income | 38.8m | 31.6m |
| Net per share | 0.42 | 0.35 |
| Six months | | |
| Revenues | 1.24bn | 1.1bn |
| Net income | 78.9m | 67.4m |
| Net per share | 0.85 | 0.74 |

* Canadian, but results in US dollars

**OGILVY GROUP**
Advertising

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 210.7m | 184.9m |
| Net income | 9.1m | 8.2m |
| Net per share | 0.63 | 0.55 |
| Six months | | |
| Revenues | 400.7m | 346.6m |
| Net income | 12.6m | 9.6m |
| Net per share | 0.87 | 0.65 |

**PACIFICORP**
Utility holding company

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 521.3m | 528.7m |
| Net income | 54.1m | 58.7m |
| Net per share | 0.72 | 0.78 |
| Six months | | |
| Revenues | 1.1bn | 1.07bn |
| Net income | 158.3m | 137.6m |
| Net per share | 2.15 | 1.87 |

**SOUTHERN CO.**
Utility holding company

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 1.77bn | 1.81bn |
| Net income | 162m | 208.2m |
| Net per share | 0.52 | 0.70 |
| Six months | | |
| Revenues | 3.47bn | 3.39bn |
| Net income | 318.3m | 173.7m |
| Net per share | 1.03 | 0.58 |

**UNITED BRANDS**
Bananas

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 954.3m | 833m |
| Net income | 36.8m | 31.8m |
| Net per share | 0.93 | 0.67 |
| Six months | | |
| Revenues | 1.8bn | 1.61bn |
| Net income | 54.9m | 46.1m |
| Net per share | 1.31 | 0.97 |

**VIACOM**
Media*

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 298.4m | 254.3m |
| Net income | #28.8m | #38.8m |
| Net per share | #0.84 | #0.99 |
| Six months | | |
| Revenues | 591.6m | 488.5m |
| Net income | #74.6m | #93.4m |
| Net per share | #1.98 | #2.27 |

# Loss. *Company owned 83% by National Amusements

**WENDY'S INTERNATIONAL**
Fast food chain

| | 1988 $ | 1987 $ |
|---|---|---|
| Second quarter | | |
| Revenues | 275.1m | 270.5m |
| Net income | 9.6m | 1.9m |
| Net per share | 0.10 | 0.02 |
| Six months | | |
| Revenues | 528.7m | 527.1m |
| Net income | 13.1m | #4.9m |
| Net per share | 0.14 | #0.05 |

# Loss

# Wall Street shakeout hits $ issues

By Dominique Jackson

EURODOLLAR bonds were marked down sharply in nervous, largely professional business yesterday in line with the bearish trend of the US Treasury market. The Canadian dollar sector also took a battering and many of the more recent US and Canadian dollar Eurobonds fell to trade at discounts of 2 or 3 points below issue price. Syndicate activity was limited to a single Australian dollar deal and a few equity-linked deals on the Continent.

The US banks' move to raise the prime rate to 10 per cent from 9½ per cent had been anticipated and consequently had little direct effect on prices in continuing thin volumes with retail investors virtually absent. The only limited success of the current Treasury refunding auctions, with Japanese interest seen at much lower levels than expected, also helped depress sentiment. However, dealers noted that prices were approaching levels where professional accounts could be tempted to re-enter the market to pick up decent quality paper at bargain prices.

In the absence of any concrete news on imminent new issues, rumours started to circulate again yesterday of a substantial dollar straight bond for the European Investment Bank. However, both the borrower and the house said to have been awarded the mandate denied the reports.

Although sentiment was bearish in most fixed rate sectors of the market, the sterling-denominated floating rate note sector was boosted by demand from investors chary of holding fixed rate instruments against a background of rising interest rates. The sector saw brisk buying yesterday, continuing a trend seen since early this week. The resilience of the pound has added to the attraction of sterling floaters and retail interest was seen from both the Far East and the US with several of the more recent issues for UK building societies among those to benefit.

In West Germany, bond prices opened markedly lower in the wake of Wednesday's Treasury bond sell-off but later received a boost from the mark's recovery against the dollar on the foreign exchanges.

Dresdner Bank led a A$50m issue for SAS Scandinavian Airline Systems. The two-year deal carried a 13¼ per cent coupon and is priced at 101⅛. It was bid at a discount of 1¼, equal to its total fees.

Union Bank of Switzerland led a SFr120m five-year convertible deal for Japanese real estate developer Tokyo Tatemono on which the coupon is indicated at ⅛ per cent.

UBS also brought a SFr40m convertible for Yushiro Chemical Industry on which the terms are identical.

Credit Suisse was the lead manager on a SFr100m straight deal for Canadian Imperial Bank of Commerce. The 10-year deal was pitched at 5⅛ per cent and 100⅛.

Swiss Bank Corporation led a SFr35m five-year convertible for Ringer Hut, of Nagasaki, noodle store chain operators. The coupon is indicated at ⅛ per cent.

Finland's state chemical company Kemira issued a LFr300m five-year issue at 7⅛ per cent and par via Credit Europeen and Kredietbank in Luxembourg led a LFr300m five-year deal for a financing unit of its Brussels-based parent at 7⅛ per cent and par.

● Daiwa Europe launched the first issue of warrants linked to the Tokyo Stock Price Index, Topix, which comprises all 1,124 companies listed on the first section of the Tokyo Stock Exchange. Daiwa said the more familiar Nikkei index tended to favour longer established companies in traditional sectors while Topix, which is also weighted according to market capitalisation, is more representative of companies in the newer high growth sectors.

## INTERNATIONAL BONDS

# Treasury positive over EC capital flow

By Simon Holberton, Economics Staff

PLANS to liberalise capital flows throughout the European Community in 1992 should enhance competition among the providers of financial services and lead to less costly finance for investment, the Treasury says in its latest Economic Progress Report.

The free movement of capital means that savers will be offered a wider range of financial assets and borrowers will have access to more diverse and cheaper financing.

In what appears to be a reference to the Government's dispute with the EC over the harmonisation of value added tax rates, the Treasury rejects "bureaucratic harmonisation" and says the Government is convinced that the future for Europe lies in releasing market forces and in liberalisation and deregulation.

It says: "As barriers to the provision of financial services throughout the Community are dismantled, the financial sector will be exposed to new competitive pressure. The effect of these changes should be to strengthen the Community economy generally as well as the financial sector.

"The benefits for UK firms, and particularly financial companies, could well be significant. The UK is well placed to meet the challenge posed by liberalisation, as the financial services industry throughout Europe develops in competition with Japan and the US."

In late June, the EC adopted a directive to abolish controls on capital by the end of 1992. This means, in effect, that most EC countries will abolish exchange controls – something Britain did in 1979.

*Economic Progress Reports, EPR (Distribution), Central Office of Information, Hercules Road, London, SE1 7DU, free.*

# Acquisition helps profits surge at BTR Nylex

By Chris Sherwell in Sydney

A STRONG three-month contribution from newly-acquired ACI and improved performances from existing businesses have produced a strong profit surge at BTR Nylex, the 62 per cent-owned Australian subsidiary of BTR of the UK.

Reporting figures for the six months to June, the diversified Melbourne-based industrial group yesterday announced a 168 per cent rise in net profits after minorities to A$100.8m (US$80.6m) on sales of A$1.3bn, up 125 per cent. On an equity consolidated basis, the profit figure was A$105.9m.

The group is one of the darlings of the Australian share market, being well positioned in an Australian manufacturing sector which is undergoing a slow restructuring. It is aggressively managed by Mr Alan Jackson, its chief executive, and possesses an international spread of interests.

The result was in line with market expectations, but the interim dividend of 10 cents per share fully franked was higher than anticipated and compared with 4 cents in the same period last year.

More than 70 per cent of the increase in group sales, or about A$515m, came from ACI, the packaging and building products company which BTR Nylex successfully took over in a A$1.6bn deal in March. ACI similarly contributed almost 58 per cent of the increase in earnings before interest and tax.

Commenting on the result, BTR Nylex said ACI, apart from increasing the group's size, sales and profits, had extended its technology, widened its markets and broadened its geographical cover.

But it also pointed out that all major market sectors had contributed to the result, with "substantial" increases in profit "at every level of contribution." Current levels of order books, it added, indicated that the group was "on course to achieve further progress in the second half-year."

Two-thirds of the group's overall sales come from the housing and construction sector (about 30 per cent), packaging (21 per cent) and the automotive sector (13 per cent). A significant proportion of sales also comes from abroad.

Yesterday's announcement also included information about the group's overall gearing. Net borrowings as a percentage of shareholders funds had risen to 65 per cent by June from 56 per cent a year earlier.

# Brunei National Bank closure claims settled

THE BRUNEI Government and Tan Shri Khoo Teck Puat, the Malaysian financier, have settled claims arising from the closure of the Khoo-controlled National Bank of Brunei, AP-DJ reports from Singapore.

According to a statement by the Goodwood Park Hotel, a Khoo company, and prepared in Australia by Young Barnsdall and Joye, the chartered accountants, the settlement "provides a solution to the civil claims made by the bank under the direction of a Brunei Government-appointed controller against Khoo and his companies in Brunei, Singapore, Malaysia and Hong Kong."

The announcement of the settlement coincided with news that Khoo interests had sold the Southern Pacific Hotel, which operates some 39 hotels in Australasia and the South Pacific, to William Hunt Holdings of Hong Kong and the Pritzker family of the US for A$540m ($US432m).

A major portion of the proceeds of the sale is expected to go to Brunei to repay NBB debt.

The bank was closed in 1986 after Brunei officials discovered that more than 90 per cent of the bank's then outstanding loans had been put into Khoo-related companies.

Brunei subsequently charged Khoo, his son and several others with fraud.

# Moody's to review mortgage

By Stephen Fidler, Euromarkets Correspondent

MOODY'S Investors Service, which triggered controversy on Wednesday in the UK mortgage-backed securities market by publishing an unrequested rating on an issue launched in February, said yesterday it would review the issue for possible upgrading.

Moody's gave an A1 rating to the £175m issue of floating rate notes launched by Mortgage Funding Corporation in February through Credit Suisse First Boston. It also gave an A2 rating to £25m of notes issued concurrently by MFC.

These ratings were among the lowest assigned to any mortgage-backed security, and significantly lower than the AA assigned by Standard & Poor's (S&P's), the other main US rating agency and the market leader in rating mortgage issues.

The move brought suggestions that such "shadow" ratings were designed to force would-be issuers to pay the necessary £50,000 for a Moody's rating, and were based on less information than that available to S&P.

Yesterday, however, Moody's said it had agreed to review the securities for a possible upgrading after Mortgage Funding Corporation and CSFB had agreed "to work with Moody's to address certain concerns that the rating agency has in relation to the notes which would thereby qualify the securities for higher ratings."

Moody's assigned a top flight AAA rating to an issue of mortgage-backed notes launched by MFC through Kleinwort Benson earlier this month.

● A £100m sterling commercial paper programme for Taylor Woodrow, the UK construction group, was given an A1 short-term rating by S&P's. It said it was the first UK construction company to win an S&P rating.

# Swedish options markets in reverse

By Sara Webb in Stockholm

OM, ONE OF the two Swedish options markets, suffered a severe setback in the first six months of the year with profits taking an almost 50 per cent tumble due to a drop in premium and commission income.

Profits (after financial items) reached SKr54.1m ($9m) against SKr99.3m in the corresponding period last year.

OM reported total income of SKr18.47bn compared with SKr12.8bn in the previous year.

The average daily turnover in options and futures contracts during the first six months has fallen by 13 per cent to about 26,000.

OM said that the average premium price for share and index options had fallen by 30 per cent and that the stock market crash was chiefly responsible for the decline in business so far this year.

However, OM added that the Government's decision to introduce a new turnover tax on the options market at the beginning of 1989 had already started to affect their operations.

It claimed that some companies had started to scale down their options business ahead of the new turnover tax coming into force.

The group said it would continue to expand its overseas business so that it would become less dependent on the Swedish capital market.

International business has only accounted for SKr16.7m in income so far this year.

# Jersey bank agrees to Swiss takeover

By Stephen Fidler

THE ONLY remaining independent bank in the Channel Island of Jersey, Commercial Bank (Jersey), has agreed to be taken over by Swiss Bank Corporation, one of Switzerland's big three banks.

The agreement, subject to the approval of Jersey's Finance and Economics Committee, will enable SBC to add trust and deposit bank services in Jersey to its existing operations in the field. The purchase price was not disclosed.

Prudential Bache Capital Funding acted as adviser to the Jersey bank.

# Arab Banking profits up

By Our Financial Staff

ARAB BANKING Corporation, Bahrain's largest offshore banking group, reports a near 20 per cent increase in pre-tax profits for the first half of 1988.

Pre-tax profit rose to $68m against $57m a year ago following an increase in operating profits from $72m to 104m despite more than doubled loan loss provisions of $36m.

ABC, which is owned by the governments of Kuwait, Libya and Abu Dhabi, said total loan provisions at the end of the first half stood at $537m compared with $215m in the year-ago period.

For 1987, the group suffered a net loss of $217m largely as a result of $375m in loan loss provisions.

ABC's group assets, which includes those of subsidiaries in Spain, West Germany, Hong Kong and Monte Carlo, rose 12 per cent from $15.48bn to $17.28bn in the half year. The group loan portfolio rose from $6.46bn to $7.36bn.

# Amatil buys stake in Fortronic

AMATIL, the Australian tobacco, snack food and soft drink group, has acquired 31.5 per cent of Fortronic Technology from the De la Rue group of the UK. The deal give Amatil full control of Fortronic.

Fortronic, which makes Electronic Funds Transfer Point of Sales (EFTPOS) terminals, will form part of Amatil's recently-created communications and systems division.

Amatil said it plans to inject greater resources into Fortronic, which it said is the leader in the rapidly expanding EFTPOS field in Australia.

# Big gain by HK hotels group

By Michael Marray in Hong Kong

HONG KONG and Shanghai Hotels, the company controlled by the Kadoorie family and owners of the prestigeous Peninsula Hotel, yesterday reported pre-tax profits of HK$174m (US$22.3m) for the first half of 1988, an increase of 33 per cent over the previous year.

Turnover rose by 28 per cent to HK$522.6m from HK$409m. Analysts said the results were in line with expectations, given Hong Kong's tourist boom and buoyant rental levels in retail, office and apartment space.

Facilities at the Peninsula were fully renovated during 1987, and significantly higher profit contributions came from both it and the nearby Kowloon Hotel.

Group net profit after tax and minority interests rose 35 per cent to HK$143.3m.

## FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 11

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Abbey National 7½ 92 | 200 | †93¼ | 93¾ | +0⅛ | -0⅞ | 9.74 |
| All Nippon Air 9⅛ 97 | 100 | †92⅝ | 93⅛ | -0½ | -2⅛ | 10.64 |
| Amer. Brands 8⅞ 92 | 150 | †95⅜ | 95⅞ | -0½ | -2⅜ | 10.27 |
| A/S Eksportfinans 7⅞ 93 | 100 | †90⅜ | 90⅞ | -0½ | -2⅜ | 9.95 |
| A/S Eksportfinans 7⅞ 92 | 150 | †92⅜ | 92⅞ | -0⅛ | -2⅛ | 9.94 |
| Austria 10 98 | 100 | †102 | 102⅝ | -0⅛ | -1⅜ | 9.63 |
| Barc. Bk. Fin. 10¼ 89 | 200 | †99⅜ | 99⅞ | -0½ | -2⅜ | 10.46 |
| B.F.C.E. 7 92 | 150 | 92⅜ | 93 | -0⅛ | -0⅞ | 9.42 |
| British Telecom 7⅞ 96 | 250 | 89⅞ | 90½ | -1⅛ | +0⅜ | 9.41 |
| Cal.Natl.Telecom 8⅞ 93 | 160 | †95⅞ | 96⅛ | -0½ | -2⅜ | 9.57 |
| Canada 9 96 | 1000 | †97⅜ | 97⅞ | -0⅞ | -1 | 9.43 |
| Canadian Pac 10¼ 93 | 100 | †103 | 104 | 0 | -0⅜ | 9.79 |
| C.C.C.E 7⅛ 91 | 115 | †92⅛ | 92⅝ | -0½ | -2⅛ | 9.95 |
| C.C.C.E 9¼ 95 | 300 | 97½ | 98 | -1 | -1½ | 9.71 |
| C.N.C.A 7¼ 91 | 150 | 93⅜ | 93⅞ | -0⅞ | -1 | 9.58 |
| Credit Lyonnais 9 91 | 200 | †99¼ | 99¾ | +0⅛ | -0⅛ | 9.18 |
| Credit National 8¼ 93 | 200 | 95 | 95½ | -0⅛ | -1⅛ | 9.53 |
| Credit National 7⅜ 92 | 100 | 93⅝ | 94⅛ | -0⅛ | -1 | 9.39 |
| Credit National 7¼ 91 | 150 | †93⅞ | 94⅛ | -0⅛ | -0⅞ | 9.39 |
| Denmark 7⅛ 92 | 500 | †92⅞ | 93⅛ | -0⅛ | -0⅜ | 9.50 |
| E.E.C. 7 91 | 100 | 93⅝ | 94⅛ | -0⅛ | -0⅞ | 9.20 |
| E.E.C. 7⅛ 93 | 250 | 91⅞ | 92⅜ | -0⅜ | -1⅛ | 9.43 |
| E.E.C. 8 90 | 350 | 98⅛ | 98⅝ | -0⅛ | -0½ | 8.93 |
| E.I.B. 7⅛ 93 | 100 | 92¼ | 92¾ | -0⅛ | -1⅛ | 9.46 |
| E.I.B. 9⅛ 97 | 150 | †98⅛ | 98⅝ | -0⅜ | -1⅛ | 9.65 |
| Elec. De France 9 98 | 200 | 93⅞ | 94⅜ | -1⅛ | -1⅞ | 9.96 |
| Finland 7⅞ 97 | 200 | †88 | 89½ | +0⅛ | -1 | 9.88 |
| Finland 7½ 93 | 200 | †91⅞ | 92⅜ | -0⅞ | -1 | 9.52 |
| Finn.Exp.Cd. 8½ 92 | 200 | 97⅛ | 97⅜ | -0⅛ | -1⅛ | 9.32 |
| Ford Motor Credit 8 91 | 250 | †96⅞ | 97⅜ | -0⅞ | -0⅛ | 9.25 |
| Gen Elec Credit 10¼ 00 | 200 | †100⅛ | 100⅝ | -0⅜ | -0⅛ | 10.16 |
| G.M.A.C. 8 89 | 250 | †99 | 99½ | +0⅛ | -0⅞ | 8.79 |
| Halifax BS 9½ 93 | 200 | †98⅝ | 99⅛ | -0½ | -1⅜ | 9.75 |
| Hoesch 8¼ 97 | 100 | †91⅛ | 91⅝ | -0⅛ | -2⅜ | 9.74 |
| Italy 9 90 | 1000 | †99⅜ | 100⅛ | +0⅛ | -0⅜ | 8.97 |
| L.T.C.B of Japan 8 91 | 100 | 96⅝ | 97⅛ | 0 | -1⅛ | 9.23 |
| L.T.C.B of Japan 8 97 | 200 | †87⅞ | 88⅜ | -0⅞ | -1⅛ | 10.14 |
| Mercedes-Benz Cd. 8½ 95 | 100 | †92⅞ | 93⅜ | -0½ | -2⅜ | 9.96 |
| Metropolis Tokyo 9½ 93 | 200 | 100 | 100½ | -0⅜ | -1⅛ | 9.40 |
| Morgan Guaranty Tst. 7 90 | 150 | †96½ | 97 | +0⅛ | -0⅜ | 9.25 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Belgium 5⅜ 92 | 35 | 100⅛ | 100½ | 0 | -0⅛ | 5.27 |
| Belgium 4⅞ 94 | 45 | 95⅜ | 95⅞ | -0½ | -1⅛ | 5.58 |
| Canada 4⅛ 92 | 20 | 96⅞ | 97⅛ | -0⅛ | -0⅞ | 5.25 |
| Elec. De France 5⅛ 94 | 20 | 98⅛ | 98⅝ | -0⅛ | -0⅞ | 5.46 |
| Ireland 5⅛ 93 | 30 | 99⅜ | 99⅞ | 0 | -0⅜ | 5.21 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS: [illegible]









## FIRST CHICAGO CORPORATION

**US$200,000,000 Floating Rate Subordinated Capital Notes Due 1997**

**Notice of Rate of Interest**

Notice is hereby given that the rate of interest on the Floating Rate Subordinated Capital Notes due 1997 (the "Notes") issued by First Chicago Corporation for the interest period commencing August 12, 1988 and ending on November 14, 1988 has been determined to be 8¹³⁄₁₆ per cent per annum. The interest payment date for such interest period is November 14, 1988. The interest amount, i.e. the amount of interest payable in respect of each US$ 10,000 principal amount of Notes, for such interest period is US$ 230.10.

CHEMICAL BANK
As Agent Bank for
First Chicago Corporation.

## DOME PETROLEUM LIMITED

Notice is hereby given to the holders of the U.S. $75,000,000 Floating Rate Notes due 1988, the U.S. $50,000,000 Floating Rate Notes due 1989, and the U.S. $3,130,000 16¼% Fixed Rate Notes due 1989 of Dome Petroleum Limited (collectively, the "Notes") that effective 15th August, 1988 Societe Generale Alsacienne de Banque (Luxembourg), 15 Avenue Emile-Reuter, Luxembourg (Grand Duchy) will resign as principal paying agent and Canadian Imperial Bank of Commerce (Toronto), Main Branch, Commerce Court, Toronto, Canada M5L 1G9 will be appointed to act as principal paying agent in respect of the Notes. Societe Generale Alsacienne de Banque (Luxembourg) will continue to act as a paying agent in respect of the Notes.

Dome Petroleum Limited
Dated 12th August, 1988

# Smith & Nephew profits hit by strong pound

By Clare Pearson

AN IMPROVED performance in the second quarter helped pre-tax profits of Smith & Nephew, international medical and healthcare group, advance 13 per cent to £54.5m at the interim stage.

But this was still sharply lower than the acquisition-assisted 30 per cent increase in the same period last year, and below the company's traditional 20 per cent-plus growth rate.

The strength of sterling has been mainly to blame: the company said a sales advance of six per cent to £267.1m was nine percentage points lower than it would have been at constant exchange rates.

Nevertheless, the underlying performance of all overseas operations was said to be buoyant, with the US the high point.

There, the surgical gloves operation was able to bring increased production capacity to bear on a booming market, whilst Richards, the joint and surgical implant maker acquired in 1986, improved market share.

New production facilities for generic pharmaceuticals have been approved by the US Food and Drug Administration, and this division is expected to show a "very significant" improvement in the second half.

In the UK, the strong pound hit exports of denim and also the competitive position of healthcare products, which were already under pressure from the National Health Service squeeze. But the toiletries' division, which has been added to by this week's £33m acquisition of Albion, showed satisfactory growth helped by the relaunch of Nivea skin-care products.

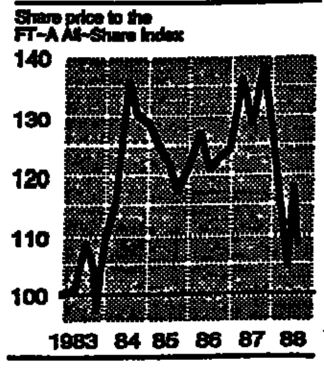
France was described as the best performer in the European region, where group operations continued to benefit from the integration of services and distribution with Richards companies.

The group's cost of borrowings almost all of which is denominated in dollars, rose to £1.1m (£0.8m), swelled by acquisitions last year.

A taxation charge of £16m showed the group still benefiting from a low effective rate for Richards, but the company warned it would be higher next year. Earnings per share were 3.99p (3.59p). The 11 per cent increase is mirrored in the interim dividend of 1.55p.

**Smith & Nephew**

Share price to the FT-A All-Share Index




**● COMMENT**

The market is still trying to work out how to rate Smith & Nephew, which – hit by NHS cuts and reorganisation problems – rendered up its premium for consistent growth with results for the fourth quarter last year. Now that the company is so much bigger and more international than it was in the mid-80's, memories of predictable 20 per cent earnings per growth should really be finally laid to rest. These results certainly showed an improvement on the first quarter, with pre-tax margins - helped by the US surgical gloves operation - coming out about two percentage points higher. The company is positioned in some attractive markets: demand for generic pharmaceuticals and surgical gloves is growing strongly, while it has to make sense to manufacture orthopaedic equipment as the population ages. Nevertheless; the prospective p/e at 13.5 (assuming pre-tax profits of about £123m this year) could in theory be lower; on the other hand, an analysts' visit to the US next week should provide support.

# Panel gives GC & C extension

By Lisa Wood

THE TAKEOVER Panel has granted GC & C Brands, the consortium mounting a hostile bid for Irish Distillers, a seven days extension to decide whether it will raise its 315p offer.

The change in the timetable for the bid is because of the intervention of the European Commission which has complained that the consortium- made up of Allied Lyons, Grand Metropolitan and Guinness- has contravened EC competition rules by mounting the joint bid.

Under Panel rules the bid for Irish Distillers lapses on August 26 and the bidder has until today to decide whether or not to revise its offer.

The Takeover Panel said the extension, until August 19, would give GC & C Brands a further week in order to argue its case with the EC and continue discussions with the Takeover Panel.

Matters being discussed include the circumstances in which a further bid could be made, and by whom, should the bid lapse. Sources in Brussels have suggested that one of the options being discussed by the consortium is whether one of its three members of the consortium might be able to make a bid by itself.

A formal oral hearing between GC & C Brands and the EC has been set for August 26, by which time the extension granted by the Takeover Panel will have been passed. It is understood that the Takeover Panel might give GC & C Brands a further extension, to include the August 26 date, should talks between GC & C Brands and the EC not resolve the issues beforehand.

The Takeover Panel said it was not likely at present that the Panel would seek to change its timetable rules in order to take into account EC competition policy as was the case with the Monopolies and Mergers Commission. This might come with the future EC Mergers Directive.

# Monet and others help Sotheby's up to $32m

By Vanessa Houlder

SOTHEBY'S HOLDINGS, the international auction group, yesterday announced results for the first quarter completed since it was floated on both the New York and London stock markets in May.

Major sales, such as those of the Andy Warhol collection and Monet's *Dans la prairie* helped net income for the second quarter to June 30 move ahead 29 per cent from $24.5m to $31.7m (£18.64m). Operating revenue moved ahead from $105.8m to $116.4m.

Mr Michael Ainslie, president and chief executive of Sotheby's Holdings which is the parent company of Sotheby's international auction, finance and real estate operations, described the results as very pleasing.

The autumn season was promising, he said, with Elton John's art and memorabilia collection on sale in London in September and works of Frans Hals, El Greco, Gainsborough, Picasso, Degas and Renoir up for auction in New York and London. He was encouraged by the number and quality of auction consignments received to date.

For the six month period to June 30, net income increased by 27 per cent to $36.7m ($28.8m) on operating revenue of $171.7m ($147.4m).

The auction operations contributed operating profit of $65m for the first six months, up 9 per cent on last year, on sales up by 17 per cent to $882.9m.

This growth was principally due to the North American salerooms. The sale in May of Impressionist paintings in New York totalled $124.6m. Six works of art sold for more than $5m each, 19 sold for more than $1m each, while nine artists' records were set.

In London, the auction of Impressionists brought in $88.6m and Monet's *Dans la prairie* sold for $24.3m – the third most expensive painting sold at auction.

Operating revenue from the financial services operation, which provides art-related financing to collectors, was $6.5m ($2.5m) while operating profit almost trebled to $1.9m for the six month period.

The real estate operations boosted operating revenue by 40 per cent to $19.3m and posted an operating loss of $962,000 for the six months. In an effort to stem the losses, Sotheby's has restructured its newer operations and reduced overheads.

Earnings per common share for the second quarter increased to $1.12 ($0.98) and for the first half to $1.31 ($1.15). The dividend per common share is $0.0625 for the second quarter, making a total of $0.405 for the first six months.

## Oil majors show mixed fortunes at interim stage

# R.Dutch/Shell at £1.56bn but second quarter well below City expectations

By Steven Butler

ROYAL DUTCH/Shell, the international oil group, yesterday reported a five per cent increase in second quarter net income to £657m, on a replacement cost basis.

The results came in far below market expectations and Shell Transport and Trading shares in London fell 28p to close at £10¼.

On a historical cost basis earnings fell by four per cent to £633m. Analysts had expected reported earnings in the range of £650m to £850m.

For the first half of the year, however, Shell was still eight per cent ahead, with historic cost income of £1.46bn. On a replacement cost basis this came to £1.56bn, a 27 per cent improvement.

Cash flow in the first half also improved strongly, from £2.4bn to £2.9bn.

The cause of the dull performance came in Shell's oil exploration and production efforts, where profits fell by nearly half to £194m, compared to £385m in the second quarter of 1987. The group's net equity crude production fell by 1 per cent to 1.7m barrels a day, while natural gas sales slipped by 9 per cent to 5.2bn cubic feet a day.

Outside the US, earnings declined due to lower oil prices, higher tax payments, and higher exploration expenses which, Shell said, was caused by a higher level of exploration activities. In the US the weakened dollar along with low prices and reduced production combined to cut earnings from £48m to £14m.

Shell's manufacturing, marine and marketing earnings, however, moved sharply forward, with net profits of £216m compared to £147m on a historic basis. On a replacement cost of supply basis, these earnings rose by 94 per cent to £289m.

The sales volume of oil products rose by 3 per cent to 4.9m barrels a day. Margins were higher throughout the downstream sector, particularly in continental Europe. In the US historical earnings increased by 53 per cent to £55m in spite of the explosion at Shell's Norco refinery. The refinery is scheduled to be fully operational in September with the exception of a catalytic cracking unit which was severely damaged.

Chemicals earnings grew by 81 per cent in the quarter to £245m, with inventory costs having little effect. Outside the US net profits rose by £60m to £193m. This resulted from higher volumes and improved margins. Petrochemical sales volumes were 14 per cent higher.

US chemicals earnings virtually stood still at £52m, with higher margins offset by the effects of the Norco refinery explosion.

Shell said it would announce an interim dividend on Septemer 15. See Lex

# BP after-tax profits up 25% to £731m

By Max Wilkinson, Resources Editor

BRITISH PETROLEUM yesterday increased its interim dividend from 4.5p to 5p per share, after reporting a 25 per cent rise in after-tax profits on a replacement cost basis.

Replacement cost profits for the first half of the year were £731m, compared with £584m for the first half of 1987. The improvements in the first and second quarters of the year were about equal, with the second quarter replacement cost profit this year at £323m compared with £260m in the same period of 1987.

On an historical cost basis, the results for the half looked less good, largely owing to stockholding gains and losses which have followed variations in the price of oil. The after-tax profit on an historical cost basis was £620m, 20 per cent less than in the same period of 1987.

Mr David Simon, managing director, finance, said that overall the company was well satisfied with the result at a time when the movement of oil prices and of the US dollar had been volatile and rather unfavourable.

The acquisition of Britoil, the UK independent exploration and production company, at a cost in 1988 of £2.205bn, was the major impact on BP's balance sheet, but it did not contribute much to the profit line.

The company said that Britoil would require increased exploration and development expenditure for some time to come, and the favourable effect on BP is to be expected in the medium term.

The group generated funds of £1.14bn, but this figure was depressed by the £568m payment for Britoil shares in the period. Mr Simon said that, on an underlying basis, BP was now generating cash at the rate of about £4bn a year.

As a result of lower oil prices, pre-tax operating profit (on a replacement cost basis) from exploration and production was 17 per cent lower this time at £764m. Profits from refining and marketing were down 2 per cent over the period at £310m, although there was a marked improvement in the second quarter as a result of better refining margins.

The group said that margins in the refining and marketing part of the business were expected to come under further pressure in the second half of 1988, but if demand continued to be buoyant the outlook in the oil and chemicals sectors remained encouraging.

The main contribution to BP's improved result came from its chemicals and minerals operations. In chemicals, the first-half profit was £260m (£98m) reflecting continuing worldwide demand for bulk chemical products. Profits from the minerals operations rose strongly to £118m (£27m). This reflected increased efficiency in mining operations and the rise in copper and gold prices in the first half.

Mr Simon said the company remained committed to reducing its debt/debt-plus-equity ratio from the present 38 per cent and would continue to dispose of assets when appropriate. The group would also be looking out for further acquisitions.

See Lex

# Green light for Lex Services to enter US

**John Griffiths** on a breakthrough into the largest car market

FORD US and six other car makers have given their approval for Lex Service, the UK's largest vehicle distributor, to become the first British public company to penetrate car retailing in the US, by far the world's largest single market.

Lex's breakthrough is being watched with hawk-like interest by North American franchised dealers, for it provides one of the clearest indications yet that fundamental changes are taking place in the country's car retailing business.

The changes appear set to affect both the relationship between US vehicle manufacturers and their franchised dealers, and the way in which vehicles will be sold in the US in the future.

Not least, the Lex move marks a new stage in what appears now to be a collapse of a collective resistance among US car makers to public companies holding car franchises which goes back almost to the start of the industry.

For in receiving the go-ahead to inject $13.5m (£8m) into California-based dealer group, Campbell Automotive, Lex has also become only the second public group, irrespective of nationality, to break into US car retailing. It was beaten by a native American dealer in Kansas, who offered shares in his company in February.

However, the Kansas dealer's franchises were all for imported makes, whereas the decision on whether Lex could proceed with the Campbell group depended heavily on winning approval from Ford, the second largest manufacturer in the US.

The approval from Ford and the other car makers after deliberations lasting several months, meant that Mr Trevor Chinn, Lex's chief executive, yesterday was able to tell the London Stock Exchange that it had completed a deal under which Lex will acquire a 50 per cent holding in an enlarged Campbell Automotive group for its $13.5m - a sum equal to Campbell's pre-injection net asset value.

Lex's funds will be used to expand the southern California activities of Campbell, which apart from the Ford franchise has dealerships representing Volkswagen, Audi, Porsche, Nissan, Mazda and Mitsubishi. It also has two body repair centres.

If all goes as Mr Chinn hopes, Lex believes that in five years' time its car retailing activities in the US, which will not necessarily be confined to California and the West Coast, could match those in the UK in size.

Last year, dealerships owned by Lex accounted for about 60,000 new car sales of the UK total of just over 2m. Lex also owns the Volvo concession for the UK, and is engaged in a number of other activities, including vehicle contract hire and leasing, and electronics distribution.

But if, as both US manufacturers and the country's National Automobile Dealers' Association are coming to accept, rising consumer expectations mean the need for substantially increased investment by dealers in facilities and service standards, Lex may well be just one of a number of domestic and overseas public groups competing for a slice of the 10m-units-a-year US new car market.

In another significant development, Tokyo Nissan Auto Sales, the largest Nissan dealership in Tokyo with 80,000 new and used car sales a year, and which has been public for 30 years, has announced that it, too, is investigating dealer acquisitions in the US.

And, although, according to Mr Chinn, there appears to be little investor interest in American car dealerships at the moment, traditional US groups could have no option but to go public in pursuit of the finance with which to stay competitive.

General Motors, the US market leader and the world's biggest auto maker, has yet to have one of its own franchises go public, but it has also indicated that it will no longer stand in the way of a group wishing to do so.

However, Lex itself, insists Mr Chinn, has been in no way a catalyst for change within the US motor trade. He says that the debate about the need for change in the US system – where manufacturers traditionally have insisted on contracts with each dealer as individuals – was well under way when Lex despatched Mr David Beck, managing director of Lex Automotive, to investigate prospects in the US in January 1987. The issue has in any case, he suggests, been "blown up out of all proportion" by the US industry.

Lex's opportunities, says Mr Chinn, will be based on what he claims would be a higher level of customer service than normally found in the US. "Our overall approach is that we compete on quality through service - although that does not mean being price uncompetitive – and wanting to give something visibly better than our rivals.

Lex thinks it will succeed "because so many US dealerships appear sales and promotion, rather than back-up, oriented.

"Typically these guys have emerged on the back of high-pressure selling. We weren't sure at first whether there was a place for someone like us. Now we are."

Mr John Campbell, who will continue as Campbell's president, appeared during Mr Beck's research to be one of a minority of dealers with a similar approach to Lex. The two companies, says Mr Beck, "just fell into line."

Campbell realised that it needed Lex, asserts Mr Chinn, because it was not as profitable as it should have been and was under-capitalised for expansion. It would also benefit from the application of Lex's corporate management techniques.

This was the area in which lay most potential for conflict with manufacturers. However, recalls Mr Chinn, "Ford made a number of inquiries here (in the UK) and what they were told I think counted for a lot. It is a new situation for Ford. They were the first of our suppliers to agree. They clearly looked at it on its own merits and didn't get hung up."

# BAe meeting gives approval for Rover deal

By John Griffiths

AN EXTRAORDINARY meeting of British Aerospace shareholders yesterday approved the company's acquisition of the Government's 99.8 per cent stake in the Rover vehicles group, and the £1 per share offer BAe is making to Rover's estimated 60,000 small, private shareholders.

Prof Roland Smith, BAe chairman, told the London meeting attended by several hundred shareholders, that the buy-out of private shareholders would cost BAe £13.5m. He was, however, criticised by one shareholder for being "too generous."

However, Prof Smith made a strong defence of the offer, partly on the grounds that to offer less might prevent its acceptance by a large number of Rover shareholders.

The offer to private shareholders compares with a price of 2.7p per 50p ordinary share paid to the Government.

# Kleinwort Overseas assets increase

Kleinwort Overseas Investment Trust has reported total assets at June 30 1988 of £132.8m, against £113m at December 31 1987. Revenue for the six months to June 30 fell to £2.01m against £2.27m in the comparable period of 1987. After tax of £522,000 (£538,000) earnings per share came out at 1.28p (1.38p).

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| BP ....int | 5 | Nov 3 | 4.5 | – | 12.5 |
| Davies/Metcalfe ....int | 0.68 | - | 0.63 | - | 2.38 |
| Foreign and Col ....int | 0.72 | Oct 3 | 0.6 | - | 1.96 |
| Gart Euro Inv Tr....fin | 2.5 | - | 2.25 | 2.5 | 2.25 |
| Kleinwort O'seas....int | 1 | Oct 3 | 1 | - | 2.6 |
| Metal Bulletin §....int | 1.85 | - | 1.65 | - | 4.8 |
| Mosaic Invs ....fin | 2† | Oct 6 | 2 | 3 | 3 |
| Nordic Inv Trust ....fin | 0.2 | - | 0.2 | 0.2 | 0.2 |
| Smith & Nephew ....int | 1.55 | Dec 16 | 1.4 | – | 3.4 |
| USDC Inv Trust ....int | 1 | Oct 14 | – | – | 1.3 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Alliance Trust, Ayshire Metal Prods., Butlers, New Guernsey Securities Trust, Rodime, Takeare

FUTURE DATES

Interims-

| | |
|---|---|
| BAT Inds. | Sept 7 |
| BSG Intl. | Sept 28 |
| Edinburgh Fin. Tst. | Aug 16 |
| Ensest | Aug 25 |
| I.C.L. | Oct 27 |
| Kleinwort Benson | Sept 21 |
| Pacific Asset Tst. | Aug 31 |
| Riv & Merc Grd Cap Tst. | Aug 18 |
| Steel Burrill Jones | Aug 31 |
| Suter | Sept 12 |
| Willis Faber | Sept 12 |
| Finals- | |
| Personal Computers | Sept 29 |

## UK COMPANY NEWS

# New look Charterhall hits £12.4m in 18 months

By Maggie Urry

CHARTERHALL, the former oil and gas group which is now Mr Russell Goward's UK vehicle, has reported pre-tax profits for the 18 months to end-June of £12.4m. Sales were £31.9m.

The year end had been changed to coincide with the accounting period of Westmex, Mr Goward's Australian company which has nearly 50 per cent of the Charterhall shares. In the year to December 1986 Charterhall made a pre-tax loss of £5.7m.

Mr Goward, chairman and managing director, also announced that Charterhall would pay a dividend of 1p, the first dividend from the company since 1984. Shareholders can opt to take shares instead of the dividend on a 1-for-20 basis.

Earnings per share, after a £141,000 tax charge and on a weighted average basis, were 4.97p.

Most of the group's oil and gas interests have been, or are being, sold. The US petroleum interests remain, Mr Goward said.

Following the acquisition of Allebone at the end of 1987 the main trading business of the group is now footwear retailing. The purchase of the Lennards shoe retailing chain from Great Universal Stores is due to be completed today, after which group debt will be £30m.

Charterhall's immediate plan is to rationalise its footwear business, closing some of the shops and cutting out duplication of warehousing, buying and head offices.

Further purchases in the sector are likely. This business is cashflow positive and can finance its own capital expenditure, Mr Goward said.

The aim was for Charterhall to make an acquisition every year, and that shareholders could also expect annual rights issues, although only after a deal had been done, he said.

The group has a number of stakes in other companies, notably a 20 per cent plus interest in A Goldberg, the Glasgow-based retailer, a 22.1 per cent stake in Bridport-Gundry, the rope and net manufacturer, and a 10 per cent holding in Corah, the textiles group.

Mr Goward said "we are not stake traders," and emphasised that where a share stake had been built and then sold, Charterhall had been unable to proceed with an amicable bid at a price it was prepared to pay. "I do not like making hostile bids," he said.

# Mersey Docks hits £2.58m at midyear

MERSEY DOCKS and Harbour Company reported interim pre-tax profits more the doubled at £2.58m, against £1.26m. At the annual meeting, the company had voiced its confidence for a substantial increase, with the volume of all major commodities handled, except for general cargo, continuing to improve.

Turnover for the six months to the end of June 1988 increased by 3.5 per cent from £25.84m to £26.76m for earnings per 10p share of 12.9p (6.3p).

Mr Bill Slater, chairman, said he looked forward with confidence to reporting a very satisfactory result for the year. He also expected to report what progress had been made with the Government, particularly over the financial reconstruction.

Operating profit came out at £3.12m (£1.98m) and the pre-tax figure was struck after lower net finance charges of £535,000 (£714,000). There was again no tax.

# Nordic net assets lower

NORDIC Investment Trust reported a 9.7 per cent fall in net asset value per 10p share to 67.8p at May 31 compared with 75.1p at the same time in 1987.

Income from fixed asset investments for the year to the end of May totalled £198,000, a 24 per cent decrease. Deposit and loan interest was more than doubled at £21,000 (£9,000), but underwriting commission was halved to £3,000.

After deducting losses, profits on dealings in investments by a subsidiary was £65,000 (£233,000) giving a total revenue for the year of £287,000 (£507,000).

Interest payable and management fees were reduced to £113,000 (£227,000) and £106,000 (£138,000) respectively and after directors' fees, audit costs and other expenses totalling £72,000 (£85,000) there was a pre-tax loss of £4,000 against a profit of £57,000 last time.

After tax of £13,000 (£23,000) the loss per share worked through at 0.12p (earnings 0.25p). The dividend is unchanged at 0.2p.

## Foreign & Colonial

Foreign & Colonial Investment Trust increased net assets by 18 per cent to 142.2p per share in the six months ended June. The directors are raising the interim dividend by 20 per cent to 0.72p (0.6p).

## Davies & Metcalfe advances 75%

Davies & Metcalfe, mechanical and electrical engineer, increased pre-tax profits by 75 per cent from £413,000 to £724,000 in the six months to the end of June. External sales and other income improved by £2.34m to £8.37m. After tax of £253,900 (£144,060), earnings per 10p share worked through at the increased level of 7.017p (4.003p). The interim dividend is lifted to 0.6773p (0.63p).

The chairman said that the improvement in the level of trading was expected to continue.

## Metal Bulletin rises

Metal Bulletin, USM-quoted publisher, saw pre-tax profits advance from £321,000 to £503,000 in the first half of the year. Turnover was lifted from £3.42m to £4.18m. Earnings per share were up to 3.95p (2.55p) and there is an interim dividend of 1.85p (1.65p).

# UK COMPANY NEWS

## Telfos is 'trying to buy on the cheap' says Runciman

**By Clay Harris**

WALTER RUNCIMAN, a diversified shipping group, yesterday defended its corporate strategy and accused Telfos Holdings of trying to buy the company on the cheap.

In its final defence document before Telfos's £30.1m bid closes on August 21, Runciman described the offer as "totally inadequate" and "ridiculously low" and said the engineering group was not prepared to pay a realistic price for control.

Mr Garry Runciman, chairman, also said Telfos had no experience of his company's shipping, security products and Lloyd's underwriting operations.

The document contrasts – to Runciman's advantage – the two companies' pre-tax profits and earnings since 1984.

"Telfos's uninspiring earnings record provides no evidence that they could sustain the growth which Runciman has achieved in the specialised areas in which it operates," Mr Runciman said.

Runciman had responded to the recession and shipping crises of the early 1980s by rationalising or selling loss-making or marginally profitable activities and concentrating on areas with the greatest areas for growth, he said.

In shipping, this involved withdrawal from the traditional tramp freighter business to concentrate on profitable transport of liquefied petroleum and chemical gases.

The Tann International security division had concentrated manufacturing on one site.

For every four Runciman shares, Telfos is offering a unit consisting of six ordinary shares, three £1 cumulative preference shares and one warrant.

Yesterday this was worth 343.5p, against Runciman's market price of 331p.

There is a 328p cash alternative.

On Wednesday, Telfos took advantage of weakness in the Runciman price to raise its holding by 230,000 shares to 27.6 per cent.

## Admiral Computing in £1.2m purchase of Itech Information

**By Vanessa Houlder**

ADMIRAL COMPUTING Group, computer software consultant, yesterday announced a £1.15m acquisition of Itech Information Technology Services, a software services company. This is Admiral's first acquisition since it joined the market in March last year.

Admiral said that the acquisition of Itech would broaden its geographical presence in the UK. In addition, the deal would expand Admiral's customer base and would widen its scope for recruiting scarce technical staff.

Itech, which provides software services for industrial, technical and defence markets, made profit before exceptional items of £193,000 on turnover of £885,000 for the year to March 31. The payment will be in the form of £484,000 in cash and 459,310 new shares in Admiral at 145p per share.

## WH Smith in £7m stationery expansion

**By Maggie Urry**

WH SMITH, the retail and distribution group, is paying £7m for Satex, a privately-owned, office stationery distributor. The purchase follows the £12.9m acquisition of Pentagon, another commercial stationery supplier, announced in January.

The consideration will be met by the issue of 'A' shares, with 40 per cent of them being placed at the end of August.

Sir Simon Hornby, W H Smith chairman, said "it is a part of our strategy to play a major role in the commercial stationery market, which has been growing rapidly over the last five years."

Satex's turnover in 1987 was £8.9m and pre-tax profits £585,000. The purchase price could increase by £500,000 depending on profits achieved in the current year.

Satex has a modern warehouse in north London from which it offers a 24 hour delivery service, and has a sales network across the UK. Pentagon's base is in Basingstoke with coverage mainly in the south of England.

The two businesses will initially be run separately. Satex's turnover is 70 per cent in stationery and 30 per cent information processing supplies.

## Corporate changes leave Mosaic profits doubled at near £1m

MOSAIC INVESTMENTS, formerly Press Tools, doubled pre-tax profits from £486,000 to £976,000 in the year to April 30. Turnover for the Midlands-based holding and entrepreneurial management company jumped 60 per cent to £7.28m.

The results were the company's first since the change in corporate objective last autumn and the appointment of Mr Gregory Hutchings, Mr Brian Disbury and David Williams to the board.

A same-again final dividend of 2p is recommended for an unchanged total of 3p on the enlarged share capital. Earnings per 10p share rose to 18.45p (7.71p).

The directors, who expressed confidence about Mosaic's future, said they were delighted by the success of the acquisitions Mosaic had made and were continuing to look at opportunities to make further acquisitions. Profits of £145,000 from the consumer services and products division comprised two and a half months' trading of the Copyright Promotions Group acquired in February.

The industrial products division, of which Press Tools Holdings is the holding company, had an excellent year, directors reported. Its operating profits increased by 75 per cent to £714,000 (£407,000), and while that level of growth was exceptional, they added that current trading remained encouraging. The division made a small acquisition, Cartrims, in April for £55,000.

Group pre-tax profits were struck after higher interest received of £117,000 (£79,000). Tax was £317,000 (£141,000) and after minorities of £2,000 (nil) attributable profits emerged at £657,000 (£345,000).

## SKF in £5m purchase of AMPEP

SKF of Sweden, the world's leading supplier of roller bearings, yesterday announced the £5m acquisition of AMPEP, a Bristol-based manufacturer of bearings for the aerospace market.

AMPEP which makes high-quality plain bearings for aircraft and helicopters, will add to SKF's existing presence in the airframe bearings market.

The terms of the offer, which has been accepted by 53.1 per cent of shareholders, are £2 in cash or its equivalent in Sarma (UK) 10 per cent loan-notes 1992 for each AMPEP share.

## SHARE STAKES

Changes in company share stakes announced during the past week include:

**PE Kemp** – As a result of a recent purchase SEP Industrial Holdings now holds 522,625 ordinary (11.5 per cent). Kemp director Mr Victor Mara has disposed of his holding of 250,000 ordinary (5.53 per cent).

**Porter Chadburn** – GM Firth (Holdings) has acquired a further 525,000 ordinary and now holds 8.04m (20.15 per cent of the enlarged capital). Following certain sales GM Firth no longer holds a disclosable interest in Porter's convertible preference shares.

**Regina Health & Beauty** – Mrs Irene Stain, director, has disposed of 2.15m ordinary, reducing her holding to 6.58m (39.25 per cent).

**Carr's Milling** – Heygate and Sons has increased its stake to 1.58m ordinary (23.05 per cent).

**Group Development Capital Trust** – South Yorkshire Pensions owns 1.81m ordinary (6.64 per cent). The shares are registered in the name of Bishopsgate Nominees.

**John I. Jacobs** – M&G Investment Management has sold 485,000 ordinary, reducing its holding to 2.85m (12.95 per cent).

**Michael Page Group** – As a result of recent purchases the interest of the Prudential Corporation group of companies together with that of the segregated funds totals 3.64m ordinary (6.11 per cent).

**Hampson Industries** – Directors have sold the whole of their rights entitlement amounting to 1.93m nil paid preference shares at 4p per share. The shares were placed with institutional clients of Smith Keen Cutler and Greene & Co.

**CCA Galleries** – Director P. Dupee has sold 564,250 shares at 125p per share to Conifer.

**Henderson Administration Group** – Legal and General Assurance has increased its stake to 1.27m ordinary (6.1 per cent).

**Associated Fisheries** – Company has bought 100,000 of its own ordinary shares for cancellation.

**Murray International Trust** – NatWest Investment Bank and/or its subsidiary and associated companies and/or certain pension funds and trusts under its management either singly or in aggregate now hold a total of 7.63m ordinary (6.49 per cent).

**Addison Consultancy Group** – As a result of recent purchases Prudential Corporation is interested in 3.69m ordinary (6.19 per cent).

**MAI** – Abu Dhabi Investment Authority has reduced its holding from 16.76m shares (5.34 per cent) to 5.39m shares (1.71 per cent).

**Plantation Trust Company** – CDFC Trust now holds 5.9 per cent of the ordinary capital. Abbey Life Assurance has increased its holding in Plantation Trust to 770,000 ordinary (7.53 per cent).

**Hughes Food Group** – Director J.P. Rose has disposed of 1m ordinary, reducing his holding to 4m (5.47 per cent).

**Watson & Philip** – Scottish American Investment Company has purchased a further 240,000 ordinary, raising its holding to 865,000 (5.56 per cent).

**City Site Estates** – Funds managed by Scottish Provident Institution own 2.54m ordinary (16.79 per cent).

**DSC Holdings** – Director Ian Wilkes has disposed of 100,000 ordinary, reducing his holding to 600,000 (7.66 per cent).

**GT Japan Investment Trust** – Sun Life Assurance Society has increased its holding to 1.87m ordinary (5.85 per cent).

**Alphameric** – 3i Group has sold 400,000 ordinary, reducing its holding to 1.6m (8.17 per cent).

**RKF Group** – As a result of further sales Kistvaen's holding is now 1.5m ordinary (5.75 per cent).

**Logitek** – Radius has sold 300,000 ordinary, reducing its holding to below 5 per cent.

**Anglo Irish Bank** – The shareholding held in the name of Allbank Nominees 'N' account has been reduced from 5.04 per cent to less than 5 per cent.

**AJ Archer Holdings** – Ensign Trust has bought a further 38,500 ordinary and is now interested in 1.19m (5.15 per cent).

**Walter Lawrence** – Colguy Holdings now holds a total of 5.58m ordinary (12.02 per cent).

## COMPANY NEWS IN BRIEF

**BENNETT & FOUNTAIN:** Offer for Edwin P Lees and Co (Holdings) is now unconditional. Valid acceptances have been received in respect of 1.14m ordinary Lees shares (97.92 per cent). Elections for new B&F ordinary have beeen received in respect of 1.14m ordinary Lees. Elections for unquoted convertible preference B&F shares have been received in respect of 837 ordinary Lees and in respect of all the "A" ordinary.

**CSL CORPORATION** is acquiring Intertrail, a trailer rental company, for £584,000 and Hensby (Commercials), M.A.N./Volkswagen distributor, for £418,700. The acquisitions will be satisfied by the issue of 1.13m new ordinary CSL shares.

**GENERAL ORIENTAL** Investments: Net profit for year to March 31 $210.3m (£124.66m) against $105m. A dividend of 50 cents is declared, compared with $1 last time which, directors said then was exceptional.

**HEY & CROFT:** Three-for-one scrip issue and consolidation of ordinary shares proposed. Shareholders will receive two consolidated 25p ordinary for every five 10p ordinary held after the scrip issue. The new ordinary will rank pari passu in all respects with existing ordinary.

**KLEINWORT OVERSEAS** Investment Trust: Net asset value at June 30 was 164.9p (197.8p). Net revenue for the six months £1.03m (£1.07m) for 1.28p (1.33p) earnings per share. Interim dividend 1p (same).

**TAMARIS** offer for Lifecare International, acceptances have been received in respect of 17.94m (78.6 per cent) ordinary and 772,951 (70.6 per cent) preference shares. The offers have been declared unconditional.

**USDC INVESTMENT** Trust saw net asset value rise to 159.5p at June 30 1988 against 140.6p at the halfway stage six months earlier. The trust, which began trading in June last year, reported net profits for the six months to the end of June of £968,410, compared with a loss between starting up and the end of the year of £2.91m. Earnings per £1 share were 2.64p and there is an interim dividend of 1p.

# CONTRACTS

## Spanish motor industry orders

### Paint lines at four factories

*Amid celebrations for the 25th anniversary of* HADEN DRYSYS ESPANA - a subsidiary of Haden Drysys International, Birmingham - the company has won contracts valued at £17.75m from major vehicle manufacturers in Spain.

A £4.35m contract from Nissan, mirrors the projects undertaken by Haden Drysys in the UK, for the company's Sunderland plant, which is now in the final stages of completion. Haden Drysys Espana will design, supply and install a paint plant for Nissan at its Barcelona factory.

The contract, scheduled for completion in mid-1989, includes "Hydrospin" spray booths, "Hydropac" paint sludge collecting systems, air supply systems, and specialist booths for PVC and sanding applications.

Suzuki Santana has placed an order valued at £4.4m with Haden Drysys Espana for the design, supply and installation of a paint shop at Santana's Linares plant. Scheduled for completion by mid-1989, the contract includes a body pretreatment system, spray booths, paint sludge collection systems and air make-up systems.

A contract worth £5m has also been placed by Renault, for the supply and installation of Haden's "Hydrospin" Mark III spray booths and ovens in the company's Valladolid plant near Madrid. The Renault contract is scheduled for completion in mid-1989.

These contracts follow a major order from Citroen, valued at £4m, for the supply of an electrocoat oven plus major modifications to spray booths at Citroen's Vigo plant, scheduled for completion in November.

Haden Drysys International is a subsidiary of Haden MacLellan Holdings.

### Cast iron components for Nissan

Nissan Motor's Spanish subsidiary, NISSAN IBERICA, *has won a contract to supply* cast iron components to Nissan Manufacturing UK, *writes Ian Rodger in Tokyo.*

Officials of the two European manufacturing subsidiaries of the Nissan group said in recent interviews in Tokyo that this was the first of what they hoped would be a number of moves to co-ordinate production between them.

For example, Mr Toshiaki Tsuchiya, managing director of Nissan UK, said his company hoped to take advantage of Iberica's facilities for testing the endurance of chassis parts.

Both Mr Tsuchiya and Mr Hiroshi Ariga, managing director of Nissan Iberica, said that the components contract, covering engine flywheels, brake discs and brake drums, was won on a strictly competitive basis against other suppliers. At present, Nissan UK imports them from Japan.

Mr Ariga said the contract value was small, "but once our quality is confirmed, we hope we can get a bigger order."

## Healthcare computer system

St Anthony's Health Corporation, of Amarillo, Texas, has signed a $3.25m (£1.9m) contract with FERRANTI HEALTHCARE SYSTEMS for the purchase of The Leadership Series HIS and Digital Equipment Corporation hardware.

St Anthony's Health Corporation comprises St Anthony's Hospital in Amarillo and Dalhart Catholic Healthcare Corporation in Dalhart, Texas. The corporation also operates St Anthony's Enterprises, Inc, a nationwide network of mobile diagnostic centres, including CT scanners, mammography, lithotripsy and MRI.

St Anthony's Hospital serves as a leading referral centre for the Texas Panhandle region; Dalhart Catholic Healthcare Corporation provides both acute and long-term care services. The two facilities will be networked to a cluster of two VAX 8550s, on which they will implement The Leadership Series in its entirety.

The installation will take place in phases. The first phase, now in progress, includes patient management, patient accounting, order communications, results reporting and medical records management. Clinical applications, nursing management and general accounting systems will follow.

## Resurfacing roads and runways

WIMPEY HOBBS, the quarrying and surfacing subsidiary of George Wimpey, has been awarded work totalling over £7m.

The company will carry out restoration of the runway at RAF St Mawgan, Cornwall, under a £2.3m contract, awarded by Cementation.

Gloucester County Council has appointed Wimpey Hobbs as the main contractor under a £1.6m contract for the resurfacing and reconstruction of the southbound arm of the M5 motorway, between Junctions 9 and 11.

In Lincolnshire, the company has started work on surfacing the new A17 Long Sutton-to-Sutton Bridge by-pass, Spalding, under a £1.77m contract for A. Monk.

At RAF Mildenhall in Suffolk, work is being carried out on a £1.3m contract for the planing and resurfacing of the main runway.

## Slaughterhouses in Zimbabwe

APV, a supplier of process engineering to the world's food *and drink industries, has* secured through its wholly-owned subsidiary, APV Pasilac, a share of an order worth about £17m for the supply of equipment for three slaughterhouses in Zimbabwe.

The order, for cold storage equipment and cold room panels, slaughter processing and secondary product equipment, has been awarded to Intercol Food Technology. The company is a joint Danish venture in which APV has a 50 per cent share.

The project will be financed by the European Investment Bank and the Commonwealth Development Corporation.

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Share price fears cast shadow

FOREIGN EXCHANGE trading was nervous yesterday, as dealers watched the performance of world stock markets with some concern, against the background of rising interest rates.

Confidence was helped by a recovery of share prices in Tokyo, after the year's biggest fall on Wednesday, but the decline of Wall Street prices on Wednesday and the failure of the London market to recover, cast a shadow over the currency market.

The dollar closed at DM1.9000 in London, compared with DM1.9155 on Wednesday, supported by very firm US interest rates, but held back by a reluctance to open long positions ahead of the June US trade figures next Tuesday.

Major US banks increased their prime lending rates by ½ p.c. to 10 p.c. In New York Federal funds were around 8.25 p.c., compared with an average of 7.80 p.c. on Wednesday.

The dollar opened quite firm in Europe, after trading quietly in the Far East. It then fell sharply however, on comments by Mr Gerhard Stoltenberg, West German Finance Minister.

He warned of the problems caused a higher dollar, particularly for the US in its attempt to reduce the trade deficit. He added that a further speculative rise in the dollar could lead to higher German interest rates, and a rise in import prices.

After opening at around DM1.9100 in Frankfurt the dollar plunged quickly to DM1.8975, and then showed reluctance to move back above DM1.9000.

Attention is turning towards the US trade figures next week, amid rumours that the size of the deficit will be disappointing.

The dollar lost ground to all major currencies, after gaining a temporary boost on the news about higher US prime rates.

It fell to Y133.85 from Y134.45; to SFr1.5900 from SFr1.5990; and to FFr6.4375 from FFr6.4800.

According to the Bank of England, the dollar's index fell to 100.0 from 100.6.

The French franc came under pressure as the D-Mark improved against the dollar.

Apart from remarks by Mr Stoltenberg, the D-Mark also gained support against the French franc because of recent comments by the French Finance Ministry, that there is no need to alter credit policy, in spite of rising interest rates elsewhere.

The D-Mark rose to FFr3.3890 from FFr3.38 at the opening in Paris, but eased back to FFr3.3859 at the fixing, after the Bank of France sold a small amount of D-Marks. At the London close the cross rate was around FFr3.3880.

Sterling tended to drift among the conflicting market currents, and was not at the centre of attention.

The pound gained 1.05 cents to $1.7015, and improved to Y227.75 from Y227.25. It was unchanged at SFr2.7050, but eased to DM3.2325 from DM3.2400, and to FFr10.9525 from FFr10.9575.

Sterling's exchange rate index, on Bank of England figures, rose 0.2 to 76.9.

### £ IN NEW YORK

| Aug.11 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7000-1.7010 | 1.6975-1.6985 |
| 1 month | 0.40-0.38pm | 0.38-0.37pm |
| 3 months | 1.06-1.02pm | 1.12-1.10pm |
| 12 months | 3.30-3.20pm | 3.25-3.20pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Aug.11 | Previous |
|---|---|---|
| 8.30 am | 76.8 | 76.7 |
| 9.00 am | 76.9 | 76.7 |
| 10.00 am | 76.8 | 76.7 |
| 11.00 am | 76.8 | 76.7 |
| Noon | 76.8 | 76.7 |
| 1.00 pm | 76.9 | 76.7 |
| 2.00 pm | 76.9 | 76.8 |
| 3.00 pm | 76.9 | 76.7 |
| 4.00 pm | 76.9 | 76.7 |

### CURRENCY RATES

| Aug.11 | Bank rate % | Special* Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | - | 0.759834 | 0.644920 |
| U.S Dollar | 6.50 | 1.28222 | 1.09669 |
| Canadian $ | 8.75 | 1.57251 | 1.35036 |
| Austrian Sch. | 3½ | 17.3151 | 14.6517 |
| Belgian Franc | 7 | 51.5773 | 43.6810 |
| Danish Krone | 7½ | 9.39098 | 7.97181 |
| Deutsche Mark | 3 | 2.46250 | 2.08425 |
| Neth.Guilder | 4 | 2.78049 | 2.35338 |
| French Franc | 9½ | 8.31776 | 7.05553 |
| Italian Lira | 12½ | N/A | 1543.26 |
| Japanese Yen | 2½ | 173.164 | 146.791 |
| Norway Krone | 8 | 8.92938 | 7.57756 |
| Spanish Peseta | - | 161.255 | 136.790 |
| Swedish Krona | 8½ | 8.40599 | 7.12737 |
| Swiss Franc | 2½ | 2.05860 | 1.74428 |
| Greek Drach. | 20½ | N/A | 167.179 |
| Irish Punt | - | N/A | 0.775921 |

*All SDR rates are for Aug.10

### CURRENCY MOVEMENTS

| Aug.11 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 76.9 | -15.1 |
| U.S Dollar | 100.0 | -8.0 |
| Canadian Dollar | 84.6 | -3.1 |
| Austrian Schilling | 132.8 | +9.4 |
| Belgian Franc | 97.2 | -6.6 |
| Danish Krone | 88.3 | +0.3 |
| Deutsche Mark | 142.7 | +19.8 |
| Swiss Franc | 165.2 | +19.6 |
| Guilder | 131.3 | +12.5 |
| French Franc | 68.3 | -15.4 |
| Lira | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] |

### OTHER CURRENCIES

| Aug.11 | £ | $ |
|---|---|---|
| Korea(Sth) | 1223.95-1233.75 | 720.80-726.60 |
| Kuwait | 0.45920-0.46920 | 0.28390-0.28410 |
| Luxembourg | 67.75-67.85 | 39.80-39.90 |
| Malaysia | 4.5020-4.5135 | 2.6490-2.6510 |
| Mexico | 3886.20-3901.45 | 2284.00-2292.00 |
| N. Zealand | 2.5410-2.5460 | 1.4930-1.4950 |
| Saudi Ar. | 6.3290-6.3830 | 3.7500-3.7505 |
| Singapore | 3.4730-3.4785 | 2.0415-2.0435 |
| S. Af (Cm) | 4.1850-4.2000 | 2.4600-2.4620 |
| S. Af (Fn) | 6.1840-6.2980 | 3.6365-3.7035 |
| Taiwan | 48.45-48.70 | 28.60-28.70 |
| U.A.E. | 6.1760-6.2760 | 3.6725-3.6735 |

*Selling rate

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu Aug.11 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.6810 | +2.88 | +1.07 | ±1.5344 |
| Danish Krone | 7.85212 | 7.97181 | +1.52 | -0.29 | ±1.5404 |
| German D-Mark | 2.05853 | 2.08425 | +1.25 | -0.56 | ±1.0981 |
| French Franc | 6.90403 | 7.05553 | +2.19 | +0.38 | ±1.3674 |
| Dutch Guilder | 2.31943 | 2.35338 | +1.46 | -0.35 | ±1.5012 |
| Irish Punt | 0.768411 | 0.775921 | +0.98 | -0.83 | ±1.6684 |
| Italian Lira | 1483.58 | 1543.26 | +4.02 | +2.89 | ±4.0752 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### POUND SPOT- FORWARD AGAINST THE POUND

| Aug.11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6930-1.7050 | 1.7010-1.7020 | 0.38-0.35cpm | 2.57 | 1.10-1.05pm | 2.53 |
| Canada | 2.0710-2.0845 | 2.0825-2.0835 | 0.23-0.14cpm | 1.07 | 0.64-0.52pm | 1.11 |
| Netherlands | 3.64½-3.65½ | 3.64½-3.65½ | 1¾-1½cpm | 5.34 | 5¼-4¾pm | 5.48 |
| Belgium | 67.45-67.90 | 67.75-67.85 | 31-16cpm | 4.16 | 76-57pm | 3.92 |
| Denmark | 12.34¼-12.40 | 12.36¼-12.37½ | 3¾-2¾orepm | 2.97 | 8¾-7¾pm | 2.71 |
| Ireland | 1.2020-1.2060 | 1.2025-1.2035 | 0.37-0.31ppm | 3.39 | 1.19-0.99pm | 3.62 |
| W. Germany | 3.22¾-3.23½ | 3.23-3.23¼ | 1¾-1⅝pfpm | 5.80 | 4¾-4½pm | 5.65 |
| Portugal | 260.30-262.80 | 260.75-261.80 | 27-73cdis | -2.30 | 85-193dis | -2.13 |
| Spain | 211.60-212.20 | 211.70-212.20 | 25-5cpm | 0.85 | 44-22pm | 0.62 |
| Italy | 2389-2397½ | 2394¾-2395¾ | 3-parlirepm | 0.75 | 3-parpm | 0.25 |
| Norway | 11.73½-11.78½ | 11.76-11.77 | 1⅞-2½oredis | -2.23 | 6¾-7dis | -2.27 |
| France | 10.92¾-10.96½ | 10.94¾-10.95¾ | 3½-2¾cpm | 3.49 | 9¼-8¼pm | 3.20 |
| Sweden | 11.04½-11.07 | 11.06-11.07 | ⅝-¼orepm | 0.41 | 1⅞-1pm | 0.52 |
| Japan | 227-228¾ | 227¼-228¼ | 1⅜-1¼ypm | 6.92 | 3¾-3½pm | 6.37 |
| Austria | 22.65-22.80 | 22.70-22.75 | 12⅞-11grospm | 6.11 | 34¼-32pm | 5.82 |
| Switzerland | 2.70-2.71 | 2.70-2.71 | 1¾-1½cpm | 7.49 | 5-4¾pm | 7.21 |

Belgian rate is convertible francs. Financial franc 68.55-68.65. Six-month forward dollar 1.89-1.84cpm; 12 month 3.23-3.13pm

### DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

| Aug.11 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.6930-1.7050 | 1.7010-1.7020 | 0.38-0.35cpm | 2.57 | 1.10-1.05pm | 2.53 |
| Ireland† | 1.4065-1.4175 | 1.4125-1.4135 | 0.13-0.18cdis | -1.32 | 0.40-0.50dis | -1.28 |
| Canada | 1.2190-1.2255 | 1.2235-1.2245 | 0.14-0.17cdis | -1.52 | 0.42-0.45dis | -1.43 |
| Netherlands | 2.1375-2.1595 | 2.1440-2.1450 | 0.52-0.50cpm | 2.85 | 1.64-1.61pm | 3.03 |
| Belgium | 39.70-40.05 | 39.80-39.90 | 6.00-4.00cpm | 1.51 | 16.00-12.00pm | 1.41 |
| Denmark | 7.24¾-7.31 | 7.26¼-7.27¼ | 0.150-0.15orpm | - | 0.40-0.10pm | 0.41 |
| W. Germany | 1.8925-1.9120 | 1.8995-1.9005 | 0.52-0.50pfpm | 3.22 | 1.56-1.53pm | 3.25 |
| Portugal | 153¾-154 | 153¾-154 | 50-80cdis | -5.06 | 125-225dis | 4.54 |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs.

### EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 9⅛-9¼ per cent; three years 9½-9⅝ per cent; four years 9¾-9⅞ per cent; five years 9⅞-10 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Aug.11 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| F Fr. | 0.913 | 1.554 | 2.952 | 208.0 | 10. | 2.470 | [illegible] | [illegible] | [illegible] | [illegible] |
| S Fr. | 0.370 | 0.629 | 1.195 | 84.21 | 4.049 | 1 | [illegible] | [illegible] | [illegible] | [illegible] |
| H Fl. | 0.274 | 0.466 | 0.886 | 62.41 | 3.001 | 0.741 | [illegible] | [illegible] | [illegible] | [illegible] |
| Lira | 0.418 | 0.711 | 1.350 | 95.11 | 4.573 | 1.129 | [illegible] | [illegible] | [illegible] | [illegible] |
| C $ | 0.480 | 0.817 | 1.552 | 109.4 | 5.258 | 1.299 | [illegible] | [illegible] | [illegible] | [illegible] |
| B Fr. | 1.475 | 2.510 | 4.768 | 336.0 | 16.15 | 3.990 | [illegible] | [illegible] | [illegible] | [illegible] |

Yen per 1,000; French Fr. per 10; Lira per 1,000; Belgian Fr. per 100.

## FINANCIAL FUTURES

# Short covering helps bonds

US TREASURY bond futures closed lower, but near the day's peak on Liffe, after Chicago traders pushed the contract up to cover short positions taken out on Wednesday.

Underlying sentiment remained weak, on speculation about a further credit tightening by the Federal Reserve. This week's rise in US interest rates has already pushed the yield on the long bond to the highest level since December.

Worse than expected demand for the 10-year notes auctioned by the US Treasury on Wednesday added to the generally nervous tone.

Japanese investors bought about 30 p.c. of the $11bn of 10-year notes. Japanese enthusiasm for the paper was described as poor to moderate. This was put down fears that US rates are set to move still higher.

Long gilt futures moved in a narrow range on Liffe, and also finished near the day's high. The pound's strength on the foreign exchanges underpinned sterling contracts, but the threat of higher interest rates kept trading subdued.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls-settlements Sep | Calls-settlements Dec | Puts-settlements Sep | Puts-settlements Dec |
|---|---|---|---|---|
| 88 | 652 | 724 | 0 | 2 |
| 90 | 452 | 538 | 0 | 8 |
| 92 | 253 | 339 | 1 | 17 |
| 94 | 101 | 205 | 13 | 47 |
| 96 | 8 | 101 | 120 | 143 |
| 98 | 1 | 27 | 313 | 305 |
| 100 | 0 | 10 | 512 | 452 |

Estimated volume total, Calls 2521 Puts 1795
Previous day's open int. Calls 29244 Puts 35191

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls-settlements Sep | Calls-settlements Dec | Puts-settlements Sep | Puts-settlements Dec |
|---|---|---|---|---|
| 78 | 706 | 659 | 0 | 25 |
| 80 | 507 | 519 | 1 | 49 |
| 82 | 310 | 351 | 4 | 117 |
| 84 | 126 | 234 | 20 | 200 |
| 86 | 21 | 135 | 115 | 301 |
| 88 | 3 | 58 | 261 | 424 |
| 90 | 1 | 32 | 459 | 562 |

Estimated volume total, Calls 412 Puts 350
Previous day's open int. Calls 2261 Puts 2208

### LIFFE FT-SE INDEX FUTURES OPTIONS

| Strike Price | Calls-settlements Aug | Calls-settlements Sep | Puts-settlements Aug | Puts-settlements Sep |
|---|---|---|---|---|
| 17000 | 1330 | 1345 | 0 | 15 |
| 17500 | 833 | 892 | 3 | 62 |
| 18000 | 382 | 516 | 52 | 186 |
| 18500 | 98 | 251 | 268 | 421 |
| 19000 | 11 | 109 | 681 | 770 |
| 19500 | 1 | 32 | 1171 | 1202 |
| 20000 | 0 | 8 | 1670 | 1678 |

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 19 Puts 124

### LIFFE £/$ OPTIONS
£25,000 (cents per £1)

| Strike Price | Calls-settlements Aug | Calls-settlements Sep | Puts-settlements Aug | Puts-settlements Sep |
|---|---|---|---|---|
| 155 | 1480 | 1480 | 0 | 4 |
| 160 | 980 | 980 | 0 | 28 |
| 165 | 480 | 553 | 0 | 113 |

### LIFFE EURODOLLAR OPTIONS
£1m points of 100%

| Strike Price | Calls-settlements Sep | Calls-settlements Dec | Puts-settlements Sep | Puts-settlements Dec |
|---|---|---|---|---|
| 9025 | 102 | 73 | 0 | 12 |
| 9050 | 78 | 55 | 1 | 19 |
| 9075 | 54 | 40 | 2 | 29 |

### LIFFE SHORT STERLING

| Strike Price | Calls-settlements Sep | Calls-settlements Dec | Puts-settlements Sep | Puts-settlements Dec |
|---|---|---|---|---|
| 8800 | 72 | 108 | 6 | 14 |
| 8825 | 53 | 90 | 12 | 21 |
| 8850 | 35 | 72 | 19 | 28 |

### PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

### LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

### LONDON (LIFFE)

### CHICAGO

### CURRENCY FUTURES

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 1.6952 | 1.6992 | 1.6950 | 1.6930 |
| Dec | 1.6848 | 1.6878 | 1.6848 | 1.6832 |
| Mar | 1.6800 | 1.6800 | - | 1.6750 |

## EUROPEAN OPTIONS EXCHANGE

| Series | | Aug. 88 Vol | Aug. 88 Last | Nov. 88 Vol | Nov. 88 Last | Feb. 89 Vol | Feb. 89 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD P | $400 | - | - | 66 | 3.60 | 65 | 6 | $429 |
| GOLD P | $420 | 171 | 1.50 | 47 | 7.70 | 15 | 10 | $429 |
| GOLD P | $440 | 11 | 11.10 | 220 | 15 | - | - | $429 |

| Series | | Aug. 88 Vol | Aug. 88 Last | Sep. 88 Vol | Sep. 88 Last | Oct. 88 Vol | Oct. 88 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| EOE Index C | Fl. 205 | 50 | 31.50 | - | - | - | - | Fl. 236.67 |
| EOE Index C | Fl. 220 | 70 | 17 | 60 | 16.50 | 5 | 18.60 B | Fl. 236.67 |
| EOE Index C | Fl. 230 | 417 | 6.80 | 204 | 11 | 13 | 11.50 | Fl. 236.67 |
| EOE Index C | Fl. 235 | 455 | 3.50 | 152 | 7 A | 1 | 9 | Fl. 236.67 |
| EOE Index C | Fl. 240 | 833 | 1.60 | 251 | 4.80 | 85 | 6.70 | Fl. 236.67 |
| EOE Index C | Fl. 245 | 203 | 1.20 A | 306 | 3 | 6 | 4.70 | Fl. 236.67 |
| EOE Index C | Fl. 250 | 10 | 0.20 | 224 | 2 | 9 | 3.30 B | Fl. 236.67 |
| EOE Index P | Fl. 220 | 19 | 0.50 A | 68 | 2.50 | 35 | 4.80 | Fl. 236.67 |
| EOE Index P | Fl. 225 | 100 | 0.60 | 60 | 3.50 | 68 | 6.10 | Fl. 236.67 |
| EOE Index P | Fl. 230 | 476 | 1.80 | 363 | 5.20 | 55 | 7 | Fl. 236.67 |
| EOE Index P | Fl. 235 | 427 | 3.30 | 517 | 7.70 | 10 | 9.50 A | Fl. 236.67 |
| EOE Index P | Fl. 240 | 698 | 6.10 | 349 | 10.50 | 27 | 12 | Fl. 236.67 |
| EOE Index P | Fl. 245 | 269 | 9.50 | 209 | 13 | 57 | 17 B | Fl. 236.67 |
| $/Fl C | Fl. 210 | 91 | 4.50 | 199 | 5.90 | 113 | 6.30 | Fl. 214.25 |
| $/Fl C | Fl. 215 | 206 | 1.50 | 141 | 3.30 | 11 | 3.90 | Fl. 214.25 |
| $/Fl C | Fl. 220 | - | - | 88 | 1.60 | 57 | 2.50 | Fl. 214.25 |
| $/Fl P | Fl. 210 | 372 | 0.50 | 27 | 2.20 | 25 | 3.40 | Fl. 214.25 |
| $/Fl P | Fl. 215 | 515 | 2.50 | 9 | 4.50 | - | - | Fl. 214.25 |

| Series | | Oct. 88 Vol | Oct. 88 Last | Jan. 89 Vol | Jan. 89 Last | Apr. 89 Vol | Apr. 89 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| ABN C | Fl. 45 | 1338 | 1.80 | 221 | 3.30 | 36 | 4.40 | Fl. 44.50 |
| ABN P | Fl. 40 | 299 | 0.80 | 583 | 1.50 | 11 | 1.70 | Fl. 44.50 |
| AEGON C | Fl. 80 | 308 | 3.80 | 2 | 4.80 B | 1 | 6.50 B | Fl. 80.30 |
| AEGON P | Fl. 80 | 122 | 3.30 | - | - | - | - | Fl. 80.30 |
| AHOLD C | Fl. 85 | 70 | 4 B | 20 | 6.20 | - | - | Fl. 84.20 |
| AKZO C | Fl. 140 | 1856 | 7.10 | 174 | 10.80 | 37 | 14 B | Fl. 139.80 |
| AKZO P | Fl. 140 | 739 | 6.80 | 65 | 9.20 | 12 | 10.50 | Fl. 139.80 |
| AMEV C | Fl. 55 | 359 | 1.60 A | 129 | 2.40 B | 14 | 4 A | Fl. 51.40 |
| AMEV P | Fl. 50 | 135 | 2.30 | - | - | - | - | Fl. 51.40 |
| AMRO C | Fl. 80 | 832 | 2.30 | 98 | 4 | - | - | Fl. 78.80 |
| AMRO P | Fl. 75 | 555 | 2.50 | 36 | 4.30 | 30 | 4.70 A | Fl. 78.80 |
| BUHRMANN-T C | Fl. 55 | 438 | 2.40 | 113 | 3.50 A | 4 | 5.50 | Fl. 53.80 |
| BUHRMANN-T P | Fl. 55 | 127 | 2.60 | 61 | 3.70 | - | - | Fl. 55.80 |
| ELSEVIER C | Fl. 60 | 524 | 2.50 | 26 | 4.30 | 7 | 5.60 | Fl. 57.30 |
| ELSEVIER P | Fl. 55 | 335 | 1.60 | 28 | 2.80 | - | - | Fl. 57.30 |
| GIST-BROC. C | Fl. 40 | 463 | 2.50 | 108 | 4 | - | - | Fl. 39.20 |
| GIST-BROC P | Fl. 40 | 498 | 2.60 | - | - | 2 | 4.50 | Fl. 39.20 |
| HEINEKEN C | Fl. 160 | 157 | 3 | 3 | 5.30 | - | - | Fl. 148.20 |
| HEINEKEN P | Fl. 140 | 73 | 3.80 | 16 | 5.50 | - | - | Fl. 148.20 |
| HOOGOVENS C | Fl. 65 | 916 | 3.40 | 39 | 6.30 | 13 | 7.50 | Fl. 61.80 |
| HOOGOVENS P | Fl. 60 | 387 | 3.80 | 251 | 5.80 | 4 | 7 | Fl. 61.80 |
| KLM C | Fl. 40 | 685 | 0.80 | 159 | 1.90 | 7 | 2.70 | Fl. 35.80 |
| KLM P | Fl. 35 | 493 | 2.10 | 62 | 3 | 36 | 3.70 | Fl. 35.80 |
| KNP C | Fl. 170 | 898 | 6 | 62 | 11 | 46 | 13.50 | Fl. 165.50 |
| KNP P | Fl. 160 | 321 | 5 | 73 | 8 | - | - | Fl. 165.50 |
| NEDLLOYD C | Fl. 250 | 92 | 5.50 | 7 | 12.30 | - | - | Fl. 233 |
| NEDLLOYD P | Fl. 230 | 109 | 9.70 | 1 | 17 | - | - | Fl. 233 |
| NAT.NED. C | Fl. 65 | 480 | 1.90 | 192 | 3.70 | - | - | Fl. 63.60 |
| NAT.NED. P | Fl. 60 | 112 | 1.80 | 15 | 2.40 | - | - | Fl. 63.60 |
| PHILIPS C | Fl. 30 | 633 | 3 | 62 | 3.90 | 3 | 4.80 | Fl. 31.60 |
| PHILIPS P | Fl. 35 | 268 | 3.80 | 30 | 4.60 | 8 | 5.80 | Fl. 31.60 |
| ROYAL DUTCH C | Fl. 240 | 2727 | 4.70 B | 520 | 8.90 | 21 | 13 B | Fl. 234.40 |
| ROYAL DUTCH P | Fl. 210 | 1649 | 1.10 | 8 | 2.70 | 3 | 3.70 | Fl. 234.40 |
| ROBECO P | Fl. 95 | 29 | 4.20 A | - | - | 60 | 7 | Fl. 94.50 |
| UNILEVER C | Fl. 120 | 971 | 3.40 | 245 | 6 | 12 | 8 | Fl. 113 |
| UNILEVER P | Fl. 110 | 291 | 3.60 | 42 | 6.10 | - | - | Fl. 113 |
| WESSANEN C | Fl. 80 | 429 | 2 | 1 | 4 | - | - | Fl. 76.80 |

TOTAL VOLUME IN CONTRACTS : 69,403

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 11 | City Merchants Bank | 11 | NatWestminster | 11 |
| Adam & Company | 11 | Clydesdale Bank | 11 | Northern Bank Ltd | 11 |
| AAB - Allied Arab Bk | 11 | Comm.Bk.N.East | 11 | Norwich Gen. Trust | 11 |
| Allied Irish Bank | 11 | Co-operative Bank | *11 | PRIVATbanken Limited | 11 |
| Henry Ansbacher | 11 | Coutts & Co | 11 | Provincial Bank PLC | 12 |
| ANZ Banking Group | 11 | Cyprus Popular Bk | 11 | R. Raphael & Sons | 11 |
| Associates Cap Corp | 10 | Dunbar Bank PLC | 11 | Roxburghe Guarantee | 11½ |
| Authority Bank | 11 | Duncan Lawrie | 11 | Royal Bk of Scotland | 11 |
| B & C Merchant Bank | 11 | Equatorial Bank plc | 11 | Royal Trust Bank | 11 |
| Banco de Bilbao | 11 | Exeter Trust Ltd | 11½ | Smith & Williams Secs. | 11 |
| Bank Hapoalim | 11 | Financial & Gen. Sec | 10½ | Standard Chartered | 11 |
| Bank Leumi (UK) | 11 | First National Bank Plc. | 11½ | TSB | 11 |
| Bank Credit & Comm | 11 | ● Robert Fleming & Co. | 11 | UDT Mortgage Exp | ‡11.45 |
| Bank of Cyprus | 11 | Robert Fraser & Ptnrs. | 12 | United Bk of Kuwait | 11 |
| Bank of Ireland | 11 | Girobank | 11 | United Mizrahi Bank | 11 |
| Bank of India | 11 | ● Guinness Mahon | 11 | Unity Trust Bank Plc | 11 |
| Bank of Scotland | 11 | HFC Bank plc | 11 | Western Trust | 11 |
| Banque Belge Ltd | 11 | ● Hambros Bank | 11 | Westpac Bank Corp. | 11 |
| Barclays Bank | 11 | Heritable & Gen Inv Bk | 11 | Whiteaway Laidlaw | 11½ |
| Benchmark Bank PLC | 11 | ● Hill Samuel | §11 | Yorkshire Bank | 11 |
| Berliner Bank AG | 11 | C. Hoare & Co. | 11 | | |
| Brit Bk of Mid East | 11 | Hongkong & Shangh | 11 | | |
| ● Brown Shipley | 11 | ● Leopold Joseph & Sons | 11 | | |
| Business Mtge Tst | 11 | Lloyds Bank | 11 | | |
| CL Bank Nederland | 11 | Meghraj Bank Ltd | 11 | | |
| Central Capital | 11 | Midland Bank | 11 | | |
| ● Charterhouse Bank | 11 | Mount Bnkg Corp. | 11 | | |
| Citibank NA | 11 | Nat Bk. of Kuwait | 11 | | |

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.38%. Savewise 7.16%. Top Tier-£10,000+ instant access 9.0% ‡ Mortgage base rate. § Demand deposit 6%. Mortgage 10.875% - 11.25%

## MONEY MARKETS

# Upward pressure

THE UPWARD trend in world interest rates continued yesterday. US banks raised prime rates 1/2 p.c. to 10 p.c., and European money market rates were very firm.

Call money in Paris rose above the Bank of France market intervention rate of 7¼ p.c., and in Frankfurt remained tight up against the Bundesbank's Lombard emergency funding rate of 5 p.c. French call money rose to 7⅜ p.c. from 6⅞ p.c., as the franc weakened against the D-Mark.

The French Finance Ministry indicated on Wednesday it has no intention of raising official interest rates, in spite of upward pressure on rates in the US, Britain and West Germany. The Finance Ministry said yesterday that nothing has changed, but had no further comment on credit policy.

In Frankfurt banks continued to bid up the level of short term money, after the Bundesbank's less than generous allocation of funds at this week's securities repurchase agreement tender.

The main hope that rates can be prevented from moving higher is that the D-Mark will recover against the dollar. The Bundesbank will then not be forced to intervene on the foreign exchanges, and this will improve the supply of domestic liquidity.

In Amsterdam call money rose to 5⅛ p.c. from 4⅞ p.c. after a tightening of credit conditions by the Dutch Central Bank on Wednesday.

In London money market rates were little changed. Three-month interbank eased to 11¼-11⅛ p.c. from 11⅜-11⅛ p.c.

The Bank of England initially forecast a market credit shortage of £150m, but revised this to £250m at noon and to £300m in the afternoon. Total help of £176m was provided.

Before lunch the authorities bought £155m bills outright, by way of £26m local authority bills in band 3 at 10¾ p.c.; £33m bank bills in band 3 at 10¾ p.c.; £2m local authority bills in band 4 at 10¾ p.c.; and £94m bank bills in band 4 at 10¾ p.c.

In the afternoon another £1m bank bills were purchased in band 4 at 10¾, and late assistance of £20m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £325m, with a rise in the note circulation absorbing £65m, and bank balances below target £5m. These factors outweighed Exchequer transactions adding £245m to liquidity.

UK clearing bank base lending rate
11 per cent
from August 9

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Aug.11) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 8⅝ | offer 8¾ | bid 8⅞ | offer 9 |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK** (Lunchtime)

| | |
|---|---|
| Prime rate | 10 |
| Broker loan rate | 8¾ |
| Fed.funds | 8⅛ |
| Fed.funds at intervention | - |

Treasury Bills and Bonds

| | | | |
|---|---|---|---|
| One month | 5.60 | Three year | 8.83 |
| Two month | 6.80 | Four year | 8.93 |
| Three month | 7.24 | Five year | 9.03 |
| Six month | 7.84 | Seven year | 9.19 |
| One year | 8.23 | 10-year | 9.33 |
| Two year | 8.69 | 30-year | 9.37 |

| August 11 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 4.95-5.05 | 5.05-5.20 | 5.15-5.38 | 5.20-5.40 | 5.45-5.65 | 5.00 |
| Paris | 7¼-7⅜ | 7¼-7⅜ | 7⅜-7¾ | 7⅜-7¾ | 7⅞-8¼ | 6.75 |
| Zurich | 1⅝-1⅞ | 3¼-3½ | - | 3¾-4 | - | - |
| Amsterdam | 5⅛-5¾ | 5⅝-5⅞ | - | 5⅝-5⅞ | - | - |
| Tokyo | 3.84375 | 4.15625 | - | - | - | - |
| Milan | 10-10½ | 10¾-11¼ | - | 11-11½ | - | - |
| Brussels | 3.75 | 6⅞-6⅞ | - | 7¼-7⅜ | - | - |
| Dublin | 7¼-7½ | 7¼-7⅜ | 7½-7¾ | 7⅝-7⅞ | 8-8¼ | - |

### LONDON MONEY RATES

| Aug.11 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 16 | 10⅞ | 10⅞ | 11⅛ | 11⅜ | 11⅝ |
| Interbank Bid | 9⅛ | 9⅞ | 10¾ | 11⅛ | 11¼ | 11½ |
| Sterling CDs | - | - | 10⅞ | 11⅛ | 11⅛ | 11⅜ |
| Local Authority Deps. | 10 | 10½ | 10⅞ | 11⅛ | 11⅜ | 11 |
| Local Authority Bonds | - | - | 10¾ | 11¼ | 11⅜ | 11⅝ |
| Discount Mkt Deps. | 10 | 10½ | 10½ | 10½ | - | - |
| Company Deposits | - | - | 10⅞ | 11¼ | 11¼ | 11¼ |
| Finance House Deposits | - | - | 10¾ | 11¼ | 11¼ | 11¼ |
| Treasury Bills (Buy) | - | - | 10½ | 10⅞ | - | - |
| Bank Bills (Buy) | - | - | 10⅝ | 10⅞ | 10⅞ | - |
| Fine Trade Bills (Buy) | - | - | 10⅝ | 11 | 10⅞ | - |
| Dollar CDs | - | - | 8.20-8.15 | 8.50-8.45 | 8.80-8.75 | 9.05-9.00 |
| SDR Linked Dep Offer | - | - | 7⅛ | 7½ | 7¼ | 7⅞ |
| SDR Linked Dep Bid | - | - | 6⅞ | 7¼ | 7½ | 7⅝ |
| ECU Linked Dep Offer | - | - | 7⅛ | 7⅝ | 7⅞ | 8 |
| ECU Linked Dep Bid | - | - | 7⅛ | 7½ | 7⅝ | 7⅞ |

Treasury Bills (sell): one-month 10¼ per cent; three months 10⅝ per cent; Bank Bills (sell): one-month 10½ per cent; three months 10⅝ per cent; Treasury Bills; Average tender rate of discount 10.2220 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 29, 1988. Agreed rates for period August 24, 1988 to September 25, 1988, Scheme I: 11.49 p.c., Schemes II & III: 11.86 p.c. Reference rate for period July 1, 1988 to July 29, 1988, Scheme IV&V: 10.511 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 from August 1, 1988; Bank Deposit Rates for sums at seven days notice 3.25 per cent. Certificates of Tax-Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

# FT UNIT TRUST INFORMATION SERVICE

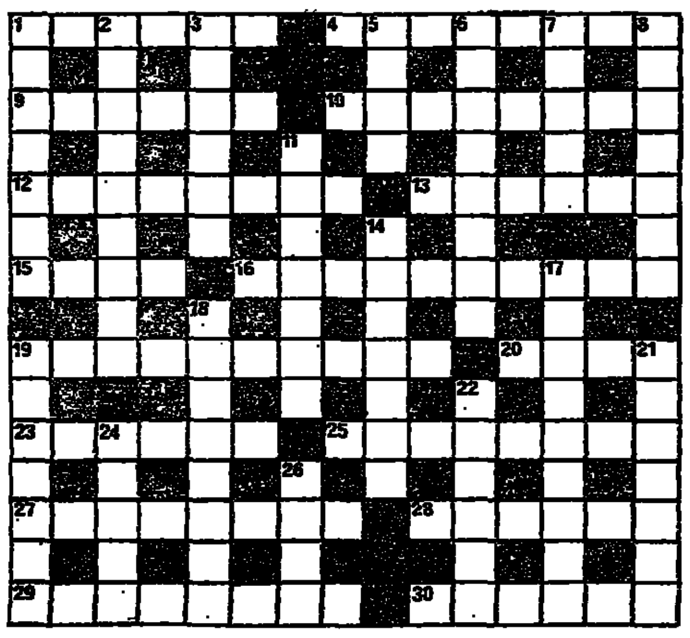
## AUTHORISED UNIT TRUSTS

[illegible]

## JOTTER PAD

## CROSSWORD

No. 6,706 Set by CINEPHILE



**ACROSS**

1, 4 Voice test revealing who won at front – Sergeant West? (3,3,5,3)
9 Close ruse, we hear, we hear, containing *N* (6)
10 Unqualified? So wash (to coin a word) outside (8)
12, 17 Mumps is a complaint many have, long story including half prefix – psittacosis, possibly? (8, 9)
13 Result of highball? (6)
15 Click together? (4)
16 Cylinder used when one kneads (7,3)
19 Composer of month's "I spy" problem (10)
20 Instrument for the ear? (4)
23 Basically and externally flying saucer? (2,4)
25 Generate fresh drink (5,3)
27 Last letter of Ivor Novello, possibly, sad at heart (8)
28 Explosive to put among militia (6)
29 Agricultural machine upset Hertfordshire lady (8)
30 Broken nose *is* requiring unification (6)

**DOWN**

1 Nag gives bird dry measure (7)
2 Cruelly I twist tail off mice for a joke (9)
3 Twist round organ (6)
5 Polish unknown for forty years together? (4)
6, 7 Complaint of children who work in 1,000-dollar firm – it's disgusting (8,5)
8 When without, had a meal of meal (7)
11 54, golden number for Italian city (7)
14 A little dress settled at end (7)
17 See 12
18 Complaint of cuts (8)
19, 24 Complaint, result of wound – felt ill continually (7,5)
21 Complaint from some as lesions develop may be .... (7)
22 .... related to tongue (6)
24, 26 Acacia for Chrissie coming in without paying (5,4)

**Solution to Puzzle No.6,705**

FRIDAY REGRET
A M S R E R
DISPUTE SURGEON
T E R S P I S
THERMOSTAT MISS
I N E E A
IGLOO VERONICA
D M E E H
BETRAYED LULLS
A E O I A
CLAP DEROGATORY
G L I E I T U
FINANCE MOTIONS
F C E N C I
TRENDY ASTERN

[illegible]

## GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

**INITIAL CHARGES**
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

**OFFER PRICE**
The price at which units may be bought.

**BID PRICE**
The price at which units may be sold.

**CANCELLATION PRICE**
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

**TIME**
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♠ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♦ - 1701 to midnight.

**HISTORIC PRICING**
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

**FORWARD PRICING**
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

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# FT UNIT TRUST INFORMATION SERVICE

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Swiss Life Pen Tst Man Co Ltd (1000)H** | | | | | | |
| 99-101 London Rd, Sevenoaks 0732 450161 | | | | | | |
| Equity Dist | 5 | 330.0 | 334.1 | 355.7 | -2.7 | 2.91 |
| Equity Acc | 5 | 422.6 | 431.4 | 456.5 | -3.5 | 2.91 |
| Fixed Int Dist | 5 | 116.9 | 118.3 | 122.6 | -0.2 | 9.11 |
| Fixed Int Acc | 5 | 205.1 | 209.8 | 217.4 | -0.3 | 9.11 |
| **TSB Unit Trusts (y) (1000)F** | | | | | | |
| Charlton Pl, Andover, Hants. SP10 1RE 0264 63434 | | | | | | |
| TSB American | 5 | 96.51 | 96.51 | 102.55 | -3.01 | 1.96 |
| Do Accum | 5 | 103.70 | 103.70 | 110.19 | -3.26 | 1.96 |
| TSB Brit Growth | 5 | 55.19 | 55.19 | 58.71 | -0.42 | 2.98 |
| Do Accum | 5 | 56.97 | 56.97 | 60.61 | -0.43 | 2.98 |
| TSB European | 5 | 48.24 | 48.24 | 51.48 | -0.70 | 1.20 |
| Do Accum | 5 | 49.57 | 49.57 | 52.89 | -0.72 | 1.20 |
| TSB Extra Income | 5 | 150.40 | 152.31 | 162.03 | +0.71 | 5.57 |
| Do Accum | 5 | 189.29 | 191.69 | 203.93 | +0.89 | 5.57 |
| TSB Smaller Cos | 5 | 55.30 | 56.95 | 60.59 | -0.24 | 1.13 |
| Do Accum | 5 | 55.86 | 57.54 | 61.21 | -0.24 | 1.13 |
| TSB General | 5 | 177.69 | 178.30 | 189.65 | -1.1 | 3.31 |
| Do Accum | 5 | 307.51 | 308.53 | 328.17 | -1.97 | 3.31 |
| TSB Gilt & Fxd Int | 3½ | 47.17 | 47.17 | 48.78 | -0.10 | 9.03 |
| Do Accum | 3½ | 71.22 | 71.22 | 73.66 | -0.15 | 9.03 |
| TSB Income | 5 | 264.02 | 265.25 | 282.13 | -1.40 | 4.66 |
| Do Accum | 5 | 441.31 | 443.34 | 471.58 | -2.35 | 4.66 |
| TSB Pacific | 5 | 210.26 | 211.31 | 224.80 | -0.52 | 0.31 |
| Do Accum | 5 | 218.61 | 219.70 | 233.72 | -0.55 | 0.31 |
| TSB International | 5 | 321.04 | 322.07 | 342.63 | -2.71 | 0.96 |
| Do Accum | 5 | 403.83 | 405.14 | 431.00 | -3.41 | 0.96 |
| TSB Nat Resources | 5 | 62.41 | 62.76 | 66.71 | -0.90 | 1.37 |
| Do Accum | 5 | 65.60 | 65.96 | 70.12 | -0.96 | 1.37 |
| TSB Spcld Opps | 5 | 82.17 | 82.17 | 87.41 | -0.64 | 2.28 |
| Do Accum | 5 | 92.62 | 92.62 | 98.53 | -0.71 | 2.28 |
| **3i Unit Trust Managers Ltd (1000)F** | | | | | | |
| 31 Homer Rd, Solihull, B91 3QA 01-928 3356 | | | | | | |
| Small Co's | 5 | 50.71 | 50.71 | 53.51 | -0.08 | - |
| **Target Trust Mngrs Ltd (1600)H** | | | | | | |
| Target Hse, Gatehouse Rd, Aylesbury, Bucks. | | | | | | |
| Admin: 0296 394000 Dealing: 01-379 0860 | | | | | | |
| American Eagle | 5 | 62.09 | 62.09 | 66.40 | -1.55 | 0.89 |
| Commodity | 5 | 80.00 | 80.00 | 86.05 | -1.39 | 0.58 |
| Convertible | 5 | 146.9 | 146.9 | 158.4 | -0.5 | 4.83 |

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **MIM Ltd** | | | | |
| Mngd Pens (Acc) | 55.3 | 58.91 | -0.31 | 0.80 |
| **Murray Johnstone UT Mngmt** | | | | |
| Murray Exempt Funds | | | | |
| Amer Exmt Aug 10 | 40.3 | 41.9 | - | 2.16 |
| Euro Exmt Aug 10 | 39.7 | 41.6 | - | 2.23 |
| Fixed Int Ex Aug 10 | 48.7 | 51.1 | - | 9.49 |
| Japan Exmt Aug 10 | 53.5 | 55.7 | - | 0.57 |
| Managed Ex Aug 11 | 40.1 | 41.7 | - | 4.24 |
| SE Asia Exmt Aug 10 | 40.1 | 42.1 | - | 2.07 |
| Sm Cos Exmt Aug 10 | 45.4 | 47.6 | - | 2.53 |
| UK Eqty Ex Aug 10 | 37.1 | 38.9 | - | 3.78 |
| **New Court Property Fund Managers** | | | | |
| NC Property | 189.5 | 199.5 | - | - |
| **Phillips & Drew Fnd Management Ltd** | | | | |
| PDFM Small Co Fnd | 812.0 | 862.0 | - | 3.50 |
| Do Accum | 838.0 | 890.0 | - | 3.50 |
| PDFM Int Exmt Aug 11 | 123.2 | 125.1 | -2.7 | 2.65 |
| **J. Rothschild Fund Managers Ltd** | | | | |
| Inst Exempt | 93.19 | 94.40 | - | 3.00 |

# INSURANCES

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **AA Friendly Society** | | | | |
| Investment Mngt M & G Inv Mngt Ltd | | | | |
| AA Friendly Sy July 8 | | 141.41 | - | - |
| **Abbey Life Assurance Co Ltd** | | | | |
| 80 Holdenhurst Road, Bournemouth 0202 292373 | | | | |
| Prop. Ser. 1 | 251.2 | 264.5 | - | - |
| Equity Ser. 1 | 115.6 | 121.7 | -1.4 | - |
| Prop. Acc. Ser 2 | 363.7 | 382.9 | - | - |
| Equity Ser 2 | 131.2 | 138.2 | -1.5 | - |
| Selective Acc | 288.2 | 303.4 | -1.6 | - |

# OTHER UK UNIT TRUSTS

Continued on next page

# FT UNIT TRUST INFORMATION SERVICE

## Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| **Life Assurance Funds** | | | | |
| Wealth Assd | 393.4 | 414.2 | — | – |
| Eb'r Ph Eq. | 347.0 | 369.3 | — | – |
| **Pension Plan Funds** | | | | |
| **Phoenix** | | | | |
| UK Equity Acc. | 171.8 | 180.8 | −2.0 | – |
| International Acc. | 140.6 | 147.9 | −2.0 | – |
| Property Acc. | 142.2 | 149.6 | — | – |
| Fixed Interest Acc. | 154.8 | 162.9 | −0.4 | – |
| Money Acc. | 142.5 | 149.9 | −0.2 | – |
| Bldg Soc. Link Acc. | 139.4 | 146.7 | −0.1 | – |
| Special Mnged. Acc.Q. | 153.6 | 161.6 | −1.3 | – |
| **Phoenix/Framlington** | | | | |
| Intnl Growth Acc | 89.80 | 94.50 | −1.60 | – |
| Am Smllr Cos. Acc. | 87.20 | 91.70 | −1.80 | – |
| Capital Tst. Acc | 179.7 | 189.1 | −0.8 | – |
| Japan & Gen Acc. | 194.7 | 204.9 | −1.1 | – |
| American Turn. Acc. | 94.50 | 99.40 | −2.30 | – |
| Recovery Tst. Acc | 182.7 | 192.3 | −2.8 | – |
| Special Mngd Acc. | 151.2 | 159.1 | −1.6 | – |
| **Phoenix/GT** | | | | |
| International Acc. | 134.4 | 141.4 | −1.9 | – |
| US & General Acc. | 87.20 | 91.70 | −2.60 | – |
| Amer Spec Sits Acc. | 66.00 | 69.40 | −2.00 | – |
| Japan & General Acc. | 195.6 | 205.8 | −3.5 | – |
| Far East & Gen. Acc. | 144.5 | 152.1 | −0.1 | – |
| UK Capital Acc. | 182.6 | 192.2 | −2.2 | – |
| European Acc. | 141.9 | 149.3 | −1.6 | – |
| Special Mngd Acc. | 130.8 | 137.6 | −1.0 | – |

## Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 6655

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Managed Fund | 271.6 | 285.9 | — | – |
| Man Pens Inc & Cap Fds | 348.9 | 367.3 | — | – |
| Money Fund | 113.6 | 119.6 | — | – |
| Pens Mngd Fd (Init) | 91.7 | 96.6 | — | – |
| Pens Mngd Fd (Acc) | 105.8 | 111.4 | — | – |
| Pens FT30 Fd (Init) | 130.2 | 137.2 | — | – |
| Pens FT30 Fd (Acc) | 150.2 | 158.2 | — | – |
| Pens O'seas MgFd(Init) | 61.4 | 64.7 | — | – |
| Pens O'seas MgFd(Acc) | 70.8 | 74.6 | — | – |
| Pens Fxd Int Fd (Init) | 107.9 | 113.6 | — | – |
| Pens Fxd Int Fd (Acc) | 124.5 | 131.1 | — | – |

## Provident Mutual Life Assc. Assn.
William Rd, Hitchin, Herts SG4 0LP

| | Bid Price |
|---|---|
| Managed Ord | 289.4 |
| Managed Int. | 239.2 |
| Equity Ord | 414.9 |
| Equity Init | 342.9 |
| Index Linked Gilt Ord | 122.3 |
| Index Linked Gilt Init. | 105.5 |
| Overseas Equity Ord | 253.8 |
| Overseas Equity Init. | 209.8 |
| Property Ord. | 168.4 |
| Property Init. | 139.2 |
| Fixed Interest Ord | 169.3 |
| Fixed Interest Init. | 139.9 |
| Deposit Ord | 135.0 |
| Deposit Init. | 111.6 |
| **Pension Funds** | |
| Managed Ord. | 350.5 |
| Managed Init. | 289.6 |
| Equity Ord. | 523.2 |
| Equity Init. | 432.4 |
| Pen Inc Lkd Gilt Ord. | 132.7 |
| Pen Ind Lkd Gilt Init. | 113.7 |
| Overseas Equity Ord. | 287.2 |
| Overseas Equity Init. | 237.4 |
| Property Ord | 196.3 |
| Property Init. | 162.3 |
| Fixed Interest Ord | 191.4 |
| Fixed Interest Init. | 158.2 |
| Deposit Ord | 168.2 |
| Deposit Init. | 139.0 |

For Provincial Life Ass Co Ltd see Prolific Life & Pensions Ltd

## Prudential Assurance Co
Holborn Bars, London EC1N 2NH

Prufund
Managed Aug 10 209.5

## Prudential Holborn Life

30 Old Burlington St, London W1X 1LB

Managed 438.6

## MANAGEMENT SERVICES

## OFFSHORE AND OVERSEAS

## UK LISTED

## OFFSHORE INSURANCES

# FT UNIT TRUST INFORMATION SERVICE

## OTHER OFFSHORE FUNDS

# LONDON SHARE SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99¾ | 83½ | Redemption 3pc 1986-96 | 99¼ | ..... | 3.02 | 8.00 |
| 100¼ | 99½ | Treas. 9½pc '88 | 99⅞ | ..... | 9.53 | 10.71 |
| 102½ | 100¼ | Treas 11½pc 1989 | 100⅜xd | +⅛ | 11.45 | 10.64 |
| 101¾ | 99¼ | Treas 9½pc Cnv 1989 | 99¼ | +⅛ | 9.57 | 10.62 |
| 97½ | 95¼ | Treas 3pc 1989 | 96¾ | ..... | 3.11 | 7.85 |
| 102¾ | 99¾ | Treas 10½pc 1989 | 99¾ | +⅛ | 10.51 | 10.62 |
| 102 | 99¼ | Exch 10pc 1989 | 99¾ | +⅛ | 10.05 | 10.58 |
| 103¾ | 100¾ | Exch 11pc 1989 | 100¾ | +⅛ | 10.96 | 10.57 |
| 97¾ | 95¼ | Treas 5pc 1986-89 | 95½ | ..... | 5.24 | 9.14 |
| 104¾ | 100 | Exch 10¼pc Cv '89 | 100¼ | –⅛ | 10.22 | 9.97 |
| 107½ | 103 | Treas 13pc 1990‡‡ | 103½ | ..... | 12.56 | 10.22 |
| 104¼ | 100¾ | Exch 11pc 1990‡‡ | 100¾xd | +⅛ | 10.88 | 10.19 |
| 107¾ | 102¼ | Exch 12½pc 1990 | 102¾ | +⅛ | 12.13 | 10.38 |
| 93¾ | 91¾ | Treas 3pc 1990 | 91¾ | ..... | 3.29 | 8.56 |
| 99¾ | 96¾ | Treas 6¼pc 1987-90‡‡ | 96¼ | ..... | 6.51 | 10.06 |
| 102½ | 97¾ | Treas 8pc Cv 1990‡‡ | 98 | +⅛ | 8.17 | 9.17 |
| 103¾ | 98¼ | Treas. 10pc Cv 1990 | 99½ | +⅛ | 10.05 | 10.25 |
| 91¾ | 88¾ | Exch 2½pc 1990 | 88¾ | +⅛ | 2.82 | 7.99 |
| 107¼ | 102¾ | Treas 11¾pc 1991 | 103 | +⅛ | 11.41 | 10.28 |
| 95¾ | 91½ | Funding 5¾pc '87-91‡‡ | 91½ | +⅛ | 6.28 | 9.39 |
| 90¾ | 87½ | Treas. 3pc 1991 | 87¾ | +⅛ | 3.43 | 8.13 |
| 105¾ | 99¾ | Treas 10pc Cv '91‡‡ | 100¾ | ..... | 9.98 | 9.90 |
| 107¾ | 101¾ | Exch. 11pc 1991 | 102¾ | +⅛ | 10.78 | 10.22 |
| 98¾ | 93¾ | Treas 8pc 1991 | 94 | +⅛ | 8.52 | 10.18 |
| 113¾ | 106¾ | Treas 12¾pc 1992‡‡ | 107¾ | +⅛ | 11.90 | 10.20 |
| 104¾ | 99¼ | Treas 10pc 1992 | 99¾xd | +⅛ | 10.04 | 10.14 |
| 98¾ | 93¼ | Treas. 8pc 1992‡‡ | 93¾ | +⅛ | 8.55 | 10.13 |
| 106¼ | 100¼ | Treas 10½pc Cv 1992‡‡ | 100¾ | +⅛ | 10.40 | 10.17 |
| 86¾ | 83¾ | Treas. 3pc 1992 | 83¾ | +⅛ | 3.59 | 8.00 |
| 112¾ | 106¾ | Exch 12¼pc '92 | 106¾xd | +⅛ | 11.52 | 10.38 |
| 117¾ | 110¾ | Exch 13½pc 1992 | 110¾ | +⅛ | 12.23 | 10.30 |
| 97¾ | 92¾ | Treas 8¼pc 1993 | 93¾xd | +⅛ | 8.87 | 10.20 |
| 105¾ | 99¼ | Treas 10pc 1993‡‡ | 99¾ | +⅛ | 10.04 | 10.10 |
| 115¾ | 108¼ | Treas 12½pc 1993‡‡ | 109¾ | +⅛ | 11.47 | 10.11 |

### Five to Fifteen Years

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 93¾ | 89¼ | Funding 6pc 1993‡‡ | 89¾xd | +⅛ | 6.70 | 8.57 |
| 121¾ | 113¾ | Treas 13¾pc 1993‡‡ | 114¼ | +⅛ | 12.04 | 10.18 |
| 101¾ | 92¾ | Treas. 8¼pc 1994 | 93¼ | +⅛ | 9.13 | 10.16 |
| 44¾ | 42¾ | Tr8¼pc 1997 'A' (30% pd) | 43¾ | ..... | 9.12 | 10.17 |
| 125¾ | 117¾ | Treas 14½pc 1994‡‡ | 118¾xd | +⅛ | 12.25 | 10.10 |
| 120¾ | 113¼ | Exch 13½pc 1994 | 113¾ | +⅛ | 11.85 | 10.26 |
| 105¾ | 99¼ | Treas. 10pc Ln. 1994‡‡ | 99¾ | +⅛ | 10.03 | 10.07 |
| 116¾ | 109¼ | Exch. 12½pc 1994 | 109¾xd | +⅛ | 11.38 | 10.26 |
| 101¾ | 95¼ | Treas 9pc 1994‡‡ | 95½ | +⅛ | 9.42 | 9.97 |
| 114¾ | 107¼ | Treas 12pc 1995 | 108¼ | +⅛ | 11.09 | 10.21 |
| 83½ | 79½ | Exch 3pc Gas 90-95 | 82¼ | ..... | 3.65 | 6.27 |
| 106¾ | 100¼ | Exch. 10¼pc 1995 | 100¾ | +⅛ | 10.17 | 10.08 |
| 120¾ | 112¾ | Treas 12¾pc 1995‡‡ | 113¾ | –⅛ | 11.25 | 10.09 |
| 126¾ | 118¾ | Treas. 14pc '96 | 119¾ | –⅛ | 11.74 | 10.32 |
| 101¾ | 95¾ | Treas. 9pc 1992-96‡‡ | 95¾xd | –⅛ | 9.41 | 9.32 |
| 133¼ | 125¾ | Treas 15¼pc 1996‡‡ | 126¾ | –⅛ | 12.06 | 10.19 |
| 123¾ | 115¾ | Exch 13¼pc 1996‡‡ | 116¾ | –⅛ | 11.38 | 10.12 |
| 105¾ | 98¾ | Conversion 10pc 1996 | 99¾ | ..... | 10.04 | 10.05 |
| 124¾ | 115¾ | Treas 13¼pc 1997‡‡ | 117¾ | –⅛ | 11.38 | 10.10 |
| 108¾ | 101¼ | Exch 10½pc 1997 | 102½xd | –⅛ | 10.24 | 10.03 |
| 98¾ | 92 | Treas 8¾pc 1997‡‡ | 93¼xd | +⅛ | 9.37 | 9.87 |
| 134¾ | 127 | Exch 15pc 1997 | 127¾ | –⅛ | 11.73 | 10.23 |
| 104 | 97¾ | Exch. 9¾pc 1998 | 98¾ | ..... | 9.89 | 9.98 |
| 87¾ | 81¾ | Treas 6¾pc 1995-98‡‡ | 83¼ | –⅛ | 8.11 | 9.41 |
| 140¼ | 132¾ | Treas. 15½pc '98‡‡ | 133¼ | –⅛ | 11.09 | 10.16 |
| 118¾ | 111¾ | Exch 12pc 1998 | 112¾ | –⅛ | 10.69 | 10.04 |
| 103¾ | 96¾ | Treas 9½pc 1999‡‡ | 98¾ | –⅛ | 9.66 | 9.75 |
| 120¾ | 113¾ | Exch. 12¼pc 1999 | 114¾ | –⅛ | 10.73 | 10.04 |
| 109¾ | 102¾ | Treas. 10½pc 1999 | 103¾ | –⅛ | 10.11 | 9.93 |
| 107¾ | 100¼ | Conversion 10¼pc 1999 | 102¾ | –⅛ | 10.03 | 9.91 |
| 100¼ | 86¾ | Treas. 8½pc Ln 2000‡‡ | 91¾ | –⅛ | 9.25 | 9.68 |
| 99¾ | 93¾ | Conversion 9pc 2000‡‡ | 95¼xd | –⅛ | 9.45 | 9.69 |
| 126¾ | 117 | Treas 13pc 2000 | 120¾ | –⅛ | 10.81 | 10.03 |
| 106¾ | 99¾ | Treas 10pc 2001 | 101¾xd | –⅛ | 9.85 | 9.78 |
| 129¾ | 122¾ | Treas. 14pc '98-01 | 123 | –⅛ | 11.38 | 10.21 |
| 104¾ | 96¾ | Conversion 9¾pc 2001 | 100xd | –⅛ | 9.74 | 9.72 |
| 118¾ | 111¾ | Exch. 12pc '99-02 | 112¾ | –⅛ | 10.69 | 10.06 |
| 107¼ | 100¼ | Conversion 10pc 2002 | 102 | –⅛ | 9.79 | 9.71 |
| 105¾ | 99¾ | Treas 9¾pc 2002 | 100¾xd | –⅛ | 9.71 | 9.69 |
| 99¾ | 93¾ | Exch. 9pc 2002 | 95¾ | –⅛ | 9.45 | 9.62 |
| 131¾ | 123¾ | Treas 13¾pc 2000-03 | 124¾ | –⅛ | 10.99 | 10.07 |

### Over Fifteen Years

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 108 | 100¾ | Treas 10pc 2003 | 102¾xd | –⅛ | 9.71 | 9.62 |
| 117¾ | 109¾ | Treas. 11½pc 2001-04 | 111¾ | –⅛ | 10.31 | 9.87 |
| 108¼ | 100¾ | Treas. 10pc 2004 | 103¾ | ..... | 9.67 | 9.57 |
| 59¾ | 54¾ | Funding 3½pc '99-04 | 58¾ | –⅛ | 5.98 | 8.21 |
| 104¾ | 97¾ | Conversion 9½pc 2004 | 99¾ | ..... | 9.50 | 9.49 |
| 104¾ | 97¾ | Conversion 9½pc 2005 | 100¾ | ..... | 9.47 | 9.46 |
| 113¾ | 105¾ | Exch. 10½pc 2005 | 103½ | ..... | 9.68 | 9.48 |
| 128¾ | 119¾ | Treas. 12½pc 2003-05 | 121¾ | –⅛ | 10.25 | 9.70 |
| 92¾ | 85 | Treas. 8pc 2002-06‡‡ | 88¾ | +⅛ | 9.07 | 9.35 |
| 106¾ | 99¾ | Conversion 9¾pc 2006 | 102¾ | –⅛ | 9.50 | 9.43 |
| 121¾ | 113¾ | Treas. 11¾pc 2003-07 | 115¾ | –⅛ | 10.15 | 9.68 |
| 97¾ | 89¾ | Treas 8½pc 2007‡‡ | 93¾ | ..... | 9.11 | 9.24 |
| 137¾ | 128¾ | Treas. 13½pc '04-08 | 130¾ | –⅛ | 10.33 | 9.64 |
| 101¾ | 94¾ | Treas. 9pc 2008‡‡ | 97¾ | ..... | 9.19 | 9.22 |
| 92¾ | 85 | Treas 8pc 2009 | 88¾ | ..... | 8.99 | 9.18 |
| 101¾ | 93¾ | Conv 9pc Ln 2011‡‡ | 98¾ | +⅛ | 9.14 | 9.16 |
| 68¾ | 62¾ | Treas. 5½pc 2008-12‡‡ | 66¾xd | –⅛ | 8.31 | 8.95 |
| 89¾ | 82¾ | Treas. 7¾pc 2012-15‡‡ | 86¾ | –⅛ | 8.95 | 9.09 |
| 130¾ | 121¾ | Exch. 12pc '13-'17 | 126¾ | +⅛ | 9.45 | 9.22 |

## BRITISH FUNDS—Contd

### Undated

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 44¾ | 41¾ | Consols 4pc | 43¾ | +⅛ | 9.10 | – |
| 39¾ | 37¼ | War Loan 3½pc‡‡ | 38¾ | +⅛ | 9.00 | – |
| 52¾ | 48¾ | Conv. 3½pc '61 Aft | 52¾ | +⅛ | 6.62 | – |
| 33¾ | 30¾ | Treas. 3pc '66 Aft | 32½ | +⅛ | 9.23 | – |
| 28¾ | 26¼ | Consols 2½pc | 27½ | +⅛ | 9.09 | – |
| 28¾ | 26¼ | Treas. 2½pc | 27½ | +⅛ | 9.09 | – |

### Index—Linked

| 1988 High | Low | Stock (b) | Price £ | + or – | (1) | (2) |
|---|---|---|---|---|---|---|
| 121¾ | 117½ | Treas 2pc IL '90 (84.6) | 121¾ | ..... | 1.03 | 2.78 |
| 103¾ | 99¾ | Do 2pc '92‡‡ (97.8) | 102¾ | –⅛ | 2.37 | 3.06 |
| 96¾ | 94¼ | Do. 2 '94 (102.9) | 94¼ | ..... | 2.55 | 3.29 |
| 139¾ | 127½ | Do 2pc '96 (67.9) | 138¼xd | ..... | 3.04 | 3.37 |
| 114¾ | 105¾ | Do 2½pc '01 (72.3) | 113½ | +⅛ | 3.70 | 3.53 |
| 111¾ | 101½ | Do. 2½pc '03 (78.8) | 110¾ | +⅛ | 3.76 | 3.96 |
| 113¼ | 102½ | Do. 2pc '06 (69.5) | 112¼ | +⅛ | 3.73 | 3.95 |
| 105¾ | 95¾ | Do. 2½pc '09 (73.8) | 104¾ | +⅛ | 3.80 | 3.96 |
| 109¾ | 99¾ | Do. 2½pc '11 (74.6) | 108¾xd | –⅛ | 3.80 | 3.95 |
| 91¾ | 82¾ | Do. 2½pc '13 (89.2) | 90¾xd | –⅛ | 3.77 | 3.91 |
| 98¾ | 88¾ | Do 2½pc '16 (81.6) | 97¾ | –⅛ | 3.73 | 3.86 |
| 96⅛ | 87⅛ | Do 2½pc '20 (83.0) | 95¾ | –⅛ | 3.69 | 3.51 |
| 81¼ | 73 | Do. 2½pc '24‡‡ (97.7) | 79¼ | –⅛ | 3.66 | 3.78 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1987 103.4 and for June 1988:106.6

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 109¾ | 100¾ | African Dv Bk 11¼ Ln 2010 | 104¾ | –⅛ | 10.65 | 10.52 |
| 104¾ | 96¾ | Asian Dev Bk 10¼pcLn2009 | 100¼ | –⅛ | 10.21 | 10.20 |
| 129¾ | 120¾ | Australia 13½pc 2010 | 125¾ | –⅛ | 10.77 | 10.51 |
| 112¾ | 103¼ | Do 11¾pcLn2015 | 108¾ | –⅛ | 10.45 | 10.39 |
| 110¾ | 103¾ | Euro Inv Bk 11pc Ln 2002 | 105¾ | –⅛ | 10.40 | 10.21 |
| 105¾ | 98¾ | Do. 10¼pc2004 | 101¾ | –⅛ | 10.23 | 10.19 |
| 120¾ | 112¾ | Int-Am Dev Bk 12½pc 2003 | 116¼ | –⅛ | 10.76 | 10.31 |
| 98¾ | 91¾ | Do. 9¾pcLn 2015 | 95¾ | –⅛ | 10.21 | 10.24 |
| 96¾ | 86 | Mlysia 10¾pcLn 2009 | 96¼xd | ..... | 11.17 | 11.22 |
| 111¾ | 87¾ | Utd. Mexican States 16½pc 2008 | 110¾xd | –⅛ | 14.94 | 14.36 |

## CORPORATION LOANS

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 111 | 103½ | Birmingham 13½pc 1989 | 103½xd | ..... | 13.04 | 9.48 |
| 115½ | 101¾ | Do. 11½pc 2012 | 103½xd | –2 | 11.11 | 11.10 |
| 94½ | 87 | GLC 6¼pc 1990-92 | 89½xd | ..... | 7.04 | 10.26 |
| 130 | 119½ | Leeds 13½pc 2006 | 122½ | ..... | 11.03 | 10.76 |
| 34 | 26½ | Liverpool 3½pc Irred | 33xd | ..... | 10.61 | – |
| 97 | 91 | LCC 6¾pc '88-90 | 93½xd | ..... | 7.22 | 9.90 |
| 31 | 25 | Do. 3pc '20 Aft | 30xd | ..... | 10.00 | – |
| 112 | 100 | Manchester 11½pc 2007 | 109½xd | ..... | 10.50 | 10.40 |

## COMMONWEALTH & AFRICAN LOANS

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 93½ | 88 | NZ 7½pc 1988-92 | 90 | ..... | 8.06 | 10.40 |
| 207 | 197 | S Rhod 2½pc Non-Assd. | 206 | ..... | | – |
| 80 | 71½ | Do. 4½pc 87-92 Assd. | 80 | ..... | 5.63 | – |
| 130 | 42 | Zimbabwe Ann (£100pa). | 47xd | ..... | | – |

## LOANS

### Building Societies

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 100¾ | 99¾ | N'wide 10¾pc 22.8.88 | 99¾ | ..... | 10.57 | 11.64 |
| 100¾ | 99¾ | Do. 10¾pc 12.9.88 | 99¾ | ..... | 10.83 | 11.22 |
| 100¾ | 99¾ | Do. 10¾pc 26.9.88 | 99¾ | ..... | 10.64 | 11.31 |
| 100¾ | 99¼ | Do. 10¼pc 31.10.88 | 99¾ | ..... | 10.23 | 11.51 |
| 100¼ | 99¾ | Do. 9¼pc 28.11.88 | 99½xd | ..... | 9.32 | 11.59 |
| 100¾ | 99¾ | Do. 9¾pc 28.12.88 | 99¾ | ..... | 9.82 | 11.53 |
| 100¾ | 99¾ | Do. 9¾pc 23.1.89 | 99¾xd | ..... | 9.89 | 11.54 |
| 100¾ | 99¾ | Do. 9¾pc 20.2.89 | 99¾ | ..... | 10.02 | 11.57 |
| 100¾ | 98¾ | Do. 9¾pc 13.3.89 | 99¾xd | ..... | 9.78 | 11.55 |
| 100¾ | 98¾ | Do. 9¼pc 17.4.89 | 98¾ | ..... | 9.34 | 11.59 |
| 100¼ | 98½ | Do. 9½pc 8.5.89 | 98½ | ..... | 9.6? | 11.54 |
| 100 | 97¾ | Do. 8¾pc 30.5.89 | 97¾ | ..... | 9.13 | 11.54 |
| 100 | 93½ | Do. 9¾pc 26.6.89 | 98½ | ..... | 9.96 | 11.60 |
| 100 | 87¾ | Do. 3¾pcIL Ln 2021 | 93¼ | ..... | 4.56 | 4.71 |

### Public Board and Ind.

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 96 | 90 | Agric. Mt. 5pc '59-89 | 95xd | ..... | 5.25 | 8.51 |
| 48½ | 43 | Met. Wtr. 3pc 'B' | 47xd | ..... | 6.33 | 9.83 |

### Financial

| 1988 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 105 | 100¼ | 3i 11¾pc Un Ln '90 | 100⅝ | +⅛ | 11.68 | 11.22 |
| 95½ | 88 | Do 7¾pcADb89-92 | 83¼xd | +¼ | 8.22 | 10.66 |
| 110 | 103¾ | Do. 12½pc Un. Ln. 1992 | 104¼ | +¼ | 11.99 | 11.00 |
| 93½ | 84½ | Do. 7½pc A 1991-94 | 84¾ | +¼ | 8.56 | 10.70 |
| 101¼ | 91¾ | Do. 9pc A 1991-94 | 93⅝ | –⅛ | 9.61 | 10.41 |
| 100 | 90½ | Do. 8¾pc Ln 1992-97 | 98⅛xd | –⅛ | 9.85 | 10.66 |

## FOREIGN BONDS & RAILS

| 1988 High | Low | Stock | Price £ | + or – | Div % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 55 | 52 | Greek 7pc Ass | 55 | ... | 3.50 | 17.78 |
| 45 | 33 | Do 6pc 28 Stb Ass | 45 | ..... | 3 | 16.67 |
| 45 | 33 | Do 4pc Mixed Ass | 45 | ... | 3 | 15.66 |
| 75 | 63 | Hung. '24 Ass | 75 | ..... | 2.75 | 13.67 |
| 140¾ | 126¾ | Hydro Quebec 15pc 2011 | 135¼ | –⅛ | 15.00 | 10.81 |
| 129¾ | 118¾ | Iceland 14½pc Ln 2016 | 127¼ | –⅛ | 14.50 | 11.27 |
| 101¼ | 95 | Ireland 9¾pc '91-96 | 99¾xd | ..... | 9.75 | 9.90 |

## AMERICANS

| 1988 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 29¾ | 22¼ | Abbott Laboratories$ | 25¼ | –¾ | $1.20 | – | 2.7 |
| 645p | 405p | Allegheny & W $1 | 426p | –11 | 30c | – | 4.1 |
| 14¾ | 632p | Amax $1 | 12¾ | –1 | 020c | – | 0.9 |
| 31¾ | 16¾ | Amdahl 5c | 24¾ | –2¼ | 20c | – | 0.5 |
| 31¾ | 23 | Amer. Cyanamid $5 | 27¾ | –1¼ | $1.20 | – | 2.6 |
| 17¾ | 13¼ | Amer Express 60c | 16¼ | –¾ | 76c | – | 2.7 |
| 10¾ | 658p | Amer. Medical Intl. $1 | 992p | –20½ | 472c | – | 4.3 |
| 17¾ | 13¾ | American T. & T. $1 | 15¾ | –¾ | $1.20 | – | 4.6 |
| 54¾ | 44¾ | Ameritech $1 | 52¾ | –1 | $5.40 | – | 6.0 |
| 27¾ | 15½ | Amfac$ | 27 | –¾ | – | – | – |
| 18¾ | 15¾ | Anheuser-Busch $1 | 17¾xd | –¾ | 60c | – | 2.0 |
| 875p | 560p | BankAmerica $1⅝ | 850p | –12 | – | – | – |
| 22¾ | 16¾ | Bankers N.Y. $1 | 22 | –¾ | $1.86 | – | 5.0 |
| 42¾ | 34¾ | Bell Atlantic $1 | 40¾ | –¾ | $4.08 | – | 6.0 |
| 25¾ | 19¾ | BellSouth Corp. | 23¾ | –¾ | $2.35 | – | 5.8 |
| 15¾ | 850p | Bethlehem Steel $8 | 14¾ | –½ | – | – | – |
| 13¾ | 930p | Bio-Rad Labs Inc "A" | 11¾ | ... | – | – | – |

Continued on next page

Northgate Unit Tst. Mngr. (Jersey) Ltd

North Star Fund Managers (Cayman) Ltd

Scrimgeour Kemp-Gee Mngmt., Jersey

Seoul International Trust

Tyndall International (Jersey) Ltd

| | | | | |
|---|---|---|---|---|
| World Fund S.A. | | | | |
| World Fund NAV Aug 10 | $21.03 | –0.26 | – | |
| World Natural Resources | | | | |
| NAV Aug 10 | 9.54 | –0.10 | – | |
| Yamaichi Capital Mngt (Guernsey) Ltd | | | | |
| Japan Metz Growth | $12.77 | +0.2 | – | |
| Yamaichi DSI Fund | $12.05 | +0.12 | – | |
| Yamaichi ISS Fd | $9.95 | +0.06 | – | |
| Thai Inv Fd | $9.81 | –0.23 | – | |
| Yamaichi Dynamic Mngt Co SA | | | | |
| Advanced Tech | $25.99 | –0.18 | – | |
| Dynamic Gwth Fd. | $27.91 | +0.12 | – | |

## Money Market Trust Funds

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Charities Aid Fndtn Money Mngmt Co Ltd** | | | | |
| Staple Hall, Stone Ct., Houndsditch, EC3 01-283 6461 | | | | |
| CAFCASH Call Fund | 9.98 | 7.56 | 10.51 | 3-mth |
| CAFCASH 7-day Fund | 10.11 | 7.76 | 10.65 | 3-mth |
| **The Charities Deposit Fund** | | | | |
| 2 Fore Street, London EC2Y 5AQ 01-588 1815 | | | | |
| Deposit | 9.95 | – | 10.33 | 3-Mth |
| **Gartmore Money Management Ltd** | | | | |
| 61 Queen St, London, EC4R 1PH. 01-236 1425 | | | | |
| Call Fnd. | 10.05 | 7.71 | 10.48 | 6-Mth |
| 7-day Fund | 9.81 | 7.53 | 10.23 | 6-Mth |
| Dollar | 6.81 | 5.23 | 7.12 | 3-Mth |

## Money Market Bank Accounts

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **AAB—Allied Arab Bank Ltd** | | | | |
| 97-101 Cannon St, London, EC4N 5AD 01-629 6602 | | | | |
| HICA (£2000+) | 11.00 | 8.40 | 11.70 | Mth |
| **Phillips & Drew Trust Ltd** | | | | |
| 120 Moorgate, London EC2M 6XP 01-628 9771 | | | | |
| High Int Chq Acc | 10.125 | 7.77 | 10.67 | Qtr |
| **Provincial Bank PLC** | | | | |
| 30 Ashley Rd, Altrincham, Cheshire 061-928 9011 | | | | |
| H.I.C.A. (£2,000+) | 10.5 | 8.06 | 11.18 | Mth |
| **Royal Bank of Scotland plc** | | | | |
| 42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201 | | | | |
| Premium Account | 9.40 | 7.42 | 9.88 | Qtr |
| **Save & Prosper/Robert Fleming** | | | | |
| 28 Western Rd, Romford RM1 3LB. 0708 766966 | | | | |
| H.I.B.A. | 9.12 | 7.00 | 9.67 | Daily |
| **Tyndall & Co Ltd** | | | | |
| 29-33 Princess Victoria St, Bristol 0272 732241 | | | | |
| Demand Acc | 10.06 | 7.72 | 10.59 | Qtr |
| Money Acc | 9.84 | 7.55 | 10.35 | Qtr |
| Chest Plus Acc | 9.87 | 7.57 | 10.39 | Qtr |
| **J. Henry Schroder Wagg & Co Ltd** | | | | |
| Enterprise House, Portsmouth 0705 827733 | | | | |
| Special Acc | 9.375 | 7.23 | 9.67 | Mthly |
| £10,000 and above | 9.625 | 7.39 | 10.13 | Mthly |
| **Western Trust & Savings Limited** | | | | |
| The Moneycentre, Plymouth PL1 1SE 0752 224141 | | | | |
| High Int Chq Acc | 10.25 | 7.87 | 10.81 | Qtr |
| **Wimbledon & South West Finance Co Ltd** | | | | |
| 114 Newgate St, London EC1 7AE 01-606 9485 | | | | |
| High Int Cheque Acc | 10.00 | 7.68 | 10.54 | Qtr |

NOTES—Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT Gr Equiv CAR. Gross equivalent to basic rate taxpayers-compounded annual rate Int Cr frequency interest credited

### UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's opening price. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ♦ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

# LONDON SHARE SERVICE

## AMERICANS—Contd

| 1988 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 28⅜ | 19⅛ | Texaco $6.25 | 27¼ | –⅛ | $3.00 | – | 6.5 |
| 60¼ | 43¼ | Time Inc. $1 | 57½ | –1¼ | $1.00 | – | 1.0 |
| 20⅝ | 15⅞ | Transamerica $1 | 19¾ | –⅛ | $1.84 | – | 5.5 |
| | | For Transworld see T/A Services | | | | | |
| 20¼ | 14½ | TRINOVA Corp | 15⅝ | –⅛ | 64c | – | 2.4 |
| 19 | 15¼ | USX $1 | 17⅜ | –¼ | $1.20 | – | 4.1 |
| 23 | 17⅝ | Utd. Technologies | 21½ | –⅛ | $1.60 | – | 4.4 |
| 33½ | 26¾ | US West | 32¼ | –⅛ | $3.52 | – | 6.4 |
| 21⅛ | 16⅜ | Waste Management $1 | 20⅜ | –½ | 48c | – | 1.4 |
| 16⅞ | 12⅞ | Whirlpool $1 | 15¼ | –⅛ | $1.10 | – | 4.3 |
| 32⅞ | 18¼ | Woolworth $3½ | 27¾ | –1⅛ | $1.64 | – | 3.5 |

## CANADIANS

| 1988 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 309p | 173p | ABM Gold Corp | 229p | +4 | – | – | – |
| 32p | 11p | Abbot Energy Corp | 24½p | –2 | – | – | – |
| 14¼ | 990p | Amer. Barrick Res | 10¾ | –¼ | – | – | – |
| 10p | 3½p | American Lightwave | 5½p | – | – | – | – |
| 47p | 16½p | Armeno | 16½p | –½ | – | – | – |
| 76p | 45p | Augmitto Expln | 48½p | –2 | – | – | – |
| 13⅞ | 10⅝ | Bk. Montreal | 13½ | –⅛ | $2.00 | – | 7.3 |
| 697p | 514p | Bk. Nova Scot. | 662p | –20 | 76c | – | 5.6 |
| 18⅝ | 15¼ | BCE | 17½ | –⅛ | $2.44 | – | 6.7 |
| 716p | 591p | Bow Valley | 632p | –26 | 40c | – | 3.1 |
| [illegible] | | | | | | | |

## BANKS, HP & LEASING

[illegible]

### Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES & SPIRITS

[illegible]

## BUILDING, TIMBER, ROADS

[illegible]

## BUILDING, TIMBER, ROADS—Contd

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING—Contd

[illegible]

## FOOD, GROCERIES, ETC

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS (Miscel.)—Contd

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

# LONDON SHARE SERVICE

## LEISURE—Contd

[illegible]

## MOTORS, AIRCRAFT TRADES

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PAPER, PRINTING, ADVERTISING—Contd

[illegible]

## PROPERTY

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TEXTILES—Contd

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## TRUSTS, FINANCE, LAND—Contd

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Contd

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

## MINES—Contd

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## THIRD MARKET

| 1988 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |
| 27 | 18 | Stalis Hldgs. 5p.... y | 22 | ...... | – | – | – | ♦ |
| 4½ | 3 | Swanyard Studios 1p y | 3¼ | ...... | – | – | – | ♦ |
| 298 | 200 | Takare............... y | 286 | ...... | b1.0 | 8.1 | 0.5 | 29.6 |
| 70 | 41 | Theme Holdings.... y | 67 | ...... | ♦1.1 | ♦ | 2.2 | ♦ |
| 36 | 26 | Tomorrows Leisure 20p y | 30 | ...... | – | – | – | ♦ |
| 25 | 13½ | Tullow Oil 10p..... y | 18 | ...... | – | – | – | – |
| 135 | 115 | UPL Group 10p..... y | 120 | –2 | L2.41 | 4.3 | 2.7 | 16.3 |
| 182 | 120 | Unit Group.......... y | 182 | ...... | 5.0 | ♦ | 3.7 | ♦ |
| 125 | 85 | Video Tape Rec 5p. y | 120 | ...... | L2.3 | 2.3 | 2.6 | 17.3 |

### NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – |
|---|---|---|
| Albany Inv 20p.... y | 71 | ...... |
| Craig & Rose £1... y | 709 | ...... |
| Finlay Pkg. 5p.... y | 89 | ...... |
| Holt (Jos) 25p..... y | £11¼ | ...... |

### IRISH

| Stock | Price | + or – |
|---|---|---|
| Nat. 9¾ % 84/89.. | £100¼ | ...... |
| 9pc Cap Ln. 1996.. | £99½ | ...... |
| Fin. 13% 97/02... | £119 | ...... |
| Arnotts.............. y | 365 | ...... |
| CPI Hldgs........... y | 128 | ...... |
| Carrol Inds.......... y | 152 | –2 |
| Hall (R. & H.)...... | 156 | ...... |
| Helton Hldgs....... y | 52 | –2 |
| Irish Ropes.......... y | 165 | ...... |
| Unidare............. y | 498 | ...... |

## TRADITIONAL OPTIONS

3-month call rates

| Industrials | p |
|---|---|
| Allied-Lyons | 35 |
| Amstrad | 16 |
| BAT | 36 |
| BOC Grp | 36 |
| BSR | 8 |
| BTR | 22 |
| Barclays | 35 |
| Beecham | 42 |
| Blue Circle | 38 |
| Boots | 19 |
| Bowaters | 35 |
| Brit Aerospace | 35 |
| Brit. Telecom | 22 |
| Burton Ord | 21 |
| Cadburys | 32 |
| Charter Cons | 30 |
| Comm Union | 34 |
| Courtaulds | 34 |
| FKI Babcock | 12 |
| FNFC | 23 |
| Gen Accident | 85 |
| GEC | 13 |
| Glaxo | 85 |
| Grand Met | 45 |
| GUS 'A' | 95 |
| Guardian | 85 |
| GKN | 28 |
| Hanson | 12 |
| Hawker Sidd | 48 |
| ICI | 72 |
| Jaguar | 26 |
| Ladbroke | 38 |
| Legal & Gen | 25 |
| Lex Service | 33 |
| Lloyds Bank | 26 |
| Lucas Inds | 50 |
| Marks & Spencer | 17 |
| Midland Bk | 37 |
| Morgan Grenfell | 30 |
| NEI | 10 |
| Nat West Bk | 52 |
| P & O Dfd | 52 |
| Plessey | 16 |
| Polly Peck | 30 |
| Racal Elect | 32 |
| RHM | 30 |
| Rank Org Ord | 64 |
| Reed Intnl | 36 |
| STC | 24 |
| Sears | 11 |
| TI | 28 |
| TSB | 9 |
| Tesco | 14 |
| Thorn EMI | 60 |
| Trust Houses | 21 |
| T&N | 17 |
| Unilever | 42 |
| Vickers | 14 |
| Wellcome | 45 |

| Property | p |
|---|---|
| Brit Land | 30 |
| Land Securities | 52 |
| MEPC | 52 |
| Peachey | 50 |

| Oils | p |
|---|---|
| Brit. Gas | 15 |
| Brit Petroleum | 24 |
| Burmah Oil | 50 |
| Charterhall | 3 |
| LASMO | 40 |
| Premier | 7½ |
| Shell | 95 |
| Ultramar | 26 |

| Mines | p |
|---|---|
| Cons Gold | 95 |
| Lonrho | 20 |
| RTZ | 35 |

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

## FT-ACTUARIES SHARE INDICES

**These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries**

| | EQUITY GROUPS & SUB-SECTIONS<br>Figures in parentheses show number of stocks per section | Thursday August 11 1988<br>Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1988 to date | Wed Aug 10<br>Index No. | Tue Aug 9<br>Index No. | Mon Aug 8<br>Index No. | Year ago (approx)<br>Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (209) | 807.25 | -0.2 | 10.08 | 3.95 | 12.30 | 15.94 | 808.57 | 818.49 | 826.39 | 952.94 |
| 2 | Building Materials (29) | 1023.08 | +0.1 | 11.13 | 4.15 | 11.02 | 18.65 | 1022.36 | 1034.64 | 1051.15 | 1205.86 |
| 3 | Contracting, Construction (37) | 1605.96 | -0.2 | 10.33 | 3.34 | 12.65 | 26.91 | 1609.94 | 1620.35 | 1626.89 | 1729.94 |
| 4 | Electricals (12) | 2156.88 | -0.8 | 8.60 | 4.64 | 14.37 | 48.13 | 2175.25 | 2214.74 | 2240.27 | 2488.15 |
| 5 | Electronics (31) | 1756.64 | -0.5 | 9.34 | 3.43 | 13.05 | 37.62 | 1765.07 | 1780.20 | 1798.32 | 2034.17 |
| 6 | Mechanical Engineering (56) | 424.36 | +0.1 | 9.96 | 4.14 | 12.47 | 8.49 | 423.86 | 432.63 | 437.20 | 515.68 |
| 8 | Metals and Metal Forming (7) | 491.09 | -0.8 | 9.50 | 3.88 | 12.99 | 7.95 | 494.86 | 502.86 | 504.80 | 545.52 |
| 9 | Motors (14) | 283.48 | -0.1 | 11.90 | 4.64 | 9.69 | 5.54 | 283.76 | 290.40 | 294.82 | 391.84 |
| 10 | Other Industrial Materials (23) | 1330.41 | — | 8.87 | 4.19 | 13.47 | 28.21 | 1329.77 | 1337.66 | 1340.50 | 1591.66 |
| 21 | CONSUMER GROUP (186) | 1093.11 | -0.4 | 8.95 | 3.60 | 14.11 | 17.68 | 1097.06 | 1108.63 | 1118.61 | 1318.99 |
| 22 | Brewers and Distillers (21) | 1116.84 | -0.3 | 10.46 | 3.65 | 12.05 | 17.88 | 1120.76 | 1131.92 | 1139.84 | 1175.23 |
| 25 | Food Manufacturing (21) | 987.73 | -0.7 | 8.74 | 3.69 | 14.64 | 17.45 | 994.48 | 1009.15 | 1013.03 | 1045.79 |
| 26 | Food Retailing (16) | 1958.21 | -0.4 | 8.84 | 3.40 | 14.93 | 29.07 | 1965.19 | 1993.23 | 2012.53 | 2444.91 |
| 27 | Health and Household (12) | 1844.28 | — | 6.74 | 2.65 | 17.21 | 18.01 | 1843.52 | 1861.86 | 1881.64 | 2588.08 |
| 29 | Leisure (30) | 1368.36 | -0.4 | 8.37 | 3.67 | 15.29 | 24.81 | 1374.15 | 1387.10 | 1395.36 | 1350.59 |
| 31 | Packaging & Paper (17) | 531.46 | -0.7 | 9.26 | 3.83 | 13.85 | 9.64 | 535.29 | 538.97 | 540.00 | 684.31 |
| 32 | Publishing & Printing (18) | 3539.30 | -0.5 | 8.07 | 4.32 | 15.56 | 72.37 | 3555.43 | 3611.46 | 3647.52 | 4407.88 |
| 34 | Stores (34) | 811.03 | -0.2 | 10.12 | 4.02 | 13.01 | 14.57 | 812.88 | 817.34 | 829.62 | 1069.87 |
| 35 | Textiles (17) | 595.30 | -1.0 | 11.62 | 4.57 | 10.18 | 12.51 | 601.51 | 607.91 | 614.11 | 818.97 |
| 40 | OTHER GROUPS (93) | 890.91 | — | 11.16 | 4.42 | 10.95 | 17.93 | 891.34 | 902.01 | 909.89 | 1128.80 |
| 41 | Agencies (19) | 1078.40 | -0.2 | 8.35 | 2.53 | 15.13 | 17.95 | 1081.05 | 1105.91 | 1119.23 | 1717.18 |
| 42 | Chemicals (21) | 1058.94 | -0.5 | 12.03 | 4.79 | 9.98 | 25.01 | 1064.58 | 1067.55 | 1078.57 | 1430.07 |
| 43 | Conglomerates (13) | 1204.51 | -0.3 | 10.60 | 4.48 | 10.89 | 20.98 | 1207.60 | 1227.33 | 1237.09 | 1469.53 |
| 45 | Shipping and Transport (12) | 1937.86 | +0.3 | 11.10 | 4.62 | 11.93 | 34.04 | 1931.58 | 1973.57 | 1990.22 | 2282.88 |
| 47 | Telephone Networks (2) | 957.52 | +0.3 | 11.60 | 4.65 | 11.18 | 20.38 | 954.33 | 963.81 | 970.09 | 1080.59 |
| 48 | Miscellaneous (26) | 1187.74 | — | 11.49 | 4.35 | 9.95 | 24.64 | 1188.12 | 1199.64 | 1211.64 | 1628.40 |
| 49 | INDUSTRIAL GROUP (488) | 976.09 | -0.2 | 9.85 | 3.92 | 12.62 | 17.77 | 978.27 | 989.42 | 998.43 | 1186.55 |
| 51 | Oil & Gas (12) | 1823.80 | -0.5 | 10.92 | 5.84 | 11.78 | 50.45 | 1833.63 | 1853.03 | 1846.43 | 2311.46 |
| 59 | 500 SHARE INDEX (500) | 1047.96 | -0.3 | 10.00 | 4.19 | 12.50 | 20.55 | 1050.76 | 1062.61 | 1070.40 | 1282.05 |
| 61 | FINANCIAL GROUP (122) | 702.51 | -0.4 | - | 4.95 | - | 17.45 | 705.48 | 713.41 | 718.34 | 809.51 |
| 62 | Banks (8) | 666.09 | -0.7 | 21.49 | 6.55 | 6.24 | 24.36 | 670.61 | 674.11 | 679.93 | 804.68 |
| 65 | Insurance (Life) (8) | 1046.70 | -0.6 | - | 4.79 | - | 24.97 | 1052.91 | 1079.57 | 1082.74 | 1103.01 |
| 66 | Insurance (Composite) (7) | 547.39 | -0.4 | - | 5.56 | - | 13.82 | 549.49 | 557.66 | 561.39 | 596.77 |
| 67 | Insurance (Brokers) (7) | 967.59 | -0.6 | 9.95 | 6.58 | 12.98 | 31.54 | 973.43 | 993.45 | 1003.89 | 1289.35 |
| 68 | Merchant Banks (11) | 359.64 | +0.3 | - | 4.02 | - | 7.03 | 358.67 | 361.19 | 362.29 | 492.67 |
| 69 | Property (51) | 1229.92 | -0.2 | 5.15 | 2.63 | 24.85 | 14.21 | 1232.22 | 1244.63 | 1255.59 | 1241.42 |
| 70 | Other Financial (30) | 380.92 | -0.3 | 10.52 | 5.11 | 11.90 | 9.41 | 382.17 | 384.45 | 385.56 | 561.05 |
| 71 | Investment Trusts (78) | 915.60 | — | - | 3.03 | - | 12.35 | 915.31 | 924.68 | 933.03 | 1132.19 |
| 81 | Mining Finance (2) | 508.90 | -0.3 | 9.41 | 3.70 | 12.01 | 8.12 | 510.50 | 521.84 | 527.65 | 684.46 |
| 91 | Overseas Traders (8) | 1140.30 | — | 10.10 | 4.90 | 11.63 | 29.22 | 1140.26 | 1160.35 | 1172.90 | 1175.87 |
| 99 | ALL-SHARE INDEX (710) | 957.69 | -0.3 | - | 4.27 | - | 19.36 | 960.37 | 971.38 | 978.58 | 1161.26 |

| | Index No. | Day's Change | Day's High | Day's Low | Aug 10 | Aug 9 | Aug 8 | Aug 5 | Aug 4 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX ‡ | 1835.2 | -4.7 | 1846.2 | 1828.3 | 1839.9 | 1862.6 | 1876.0 | 1875.9 | 1869.7 | 2290.1 |

## FIXED INTEREST

| | PRICE INDICES | Thu Aug 11 | Day's change % | Wed Aug 10 | xd adj. today | xd adj. 1988 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 120.18 | +0.11 | 120.05 | - | 7.00 |
| 2 | 5-15 years | 135.88 | — | 135.88 | - | 8.59 |
| 3 | Over 15 years | 148.22 | -0.01 | 148.24 | - | 7.45 |
| 4 | Irredeemables | 167.33 | +0.37 | 166.72 | - | 7.30 |
| 5 | All stocks | 133.68 | +0.04 | 133.64 | - | 7.92 |
| | Index-Linked | | | | | |
| 6 | 5 years | 127.73 | -0.06 | 127.80 | - | 1.12 |
| 7 | Over 5 years | 120.62 | — | 120.61 | - | 2.28 |
| 8 | All stocks | 121.03 | — | 121.04 | - | 2.18 |
| 9 | Debentures & Loans | 117.96 | -0.04 | 118.00 | - | 6.61 |
| 10 | Preference | 92.11 | -0.21 | 92.29 | - | 3.61 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thu Aug 11 | Wed Aug 10 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 9.73 | 9.75 | 9.02 |
| 2 | Coupons | 15 years | 9.45 | 9.44 | 9.66 |
| 3 | | 25 years | 9.12 | 9.12 | 9.66 |
| 4 | Medium | 5 years | 10.16 | 10.19 | 10.15 |
| 5 | Coupons | 15 years | 9.66 | 9.66 | 9.93 |
| 6 | | 25 years | 9.34 | 9.35 | 9.77 |
| 7 | High | 5 years | 10.28 | 10.30 | 10.23 |
| 8 | Coupons | 15 years | 9.81 | 9.79 | 10.10 |
| 9 | | 25 years | 9.38 | 9.37 | 9.77 |
| 10 | Irredeemables | † | 9.66 | 9.69 | 9.67 |
| | Index-Linked | | | | |
| 11 | Inflation rate 5% | 5yrs. | 3.02 | 2.98 | 2.87 |
| 12 | Inflation rate 5% | Over 5 yrs. | 3.87 | 3.87 | 3.99 |
| 13 | Inflation rate 10% | 5 yrs. | 2.02 | 1.98 | 2.70 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.71 | 3.70 | 3.96 |
| 15 | Debs & | 5 years | 10.88 | 10.88 | 10.79 |
| 16 | Loans | 15 years | 10.87 | 10.86 | 10.79 |
| 17 | | 25 years | 10.87 | 10.86 | 10.79 |
| 18 | Preference | † | 9.79 | 9.77 | 10.65 |

‡Opening index 1842.2; 10 am 1846.2; 11 am 1839.9; Noon 1828.3; 1 pm 1830.0; 2 pm 1833.2; 3 pm 1833.3; 3.30 pm 1831.8; 4 pm 1833.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 24 | 75 | 16 |
| Corporations, Dominion and Foreign Bonds | 4 | 14 | 34 |
| Industrials | 270 | 537 | 782 |
| Financial and Properties | 113 | 195 | 347 |
| Oils | 7 | 49 | 52 |
| Plantations | 1 | 8 | 12 |
| Mines | 25 | 73 | 94 |
| Others | 19 | 154 | 89 |
| Totals | 463 | 1,095 | 1,426 |

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. date | 1988 High | 1988 Low | Stock | Closing Price p | + or - | Net Div. | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| - | F.P. | - | 13 | 13 | Anglesey Mining Wrrnts | 13 | | - | - | - | - |
| §118 | F.P. | - | 129 | 121 | ♦BM55 10p | 123 | -2 | u3.75 | 2.2 | 4.1 | 11.3 |
| §125 | F.P. | - | 171 | 125 | Butler Group 10p | 170 | -2 | L2.22 | 4.3 | 1.7 | 14.5 |
| §145 | F.P. | - | 170 | 145 | Christie Group 2p | 168 | | L3.5 | 3.1 | 2.8 | 15.4 |
| §300 | F.P. | 12/8 | 313 | 306 | ♦City Gate Ests. £1 | 308 | +2 | L8.25 | 2.9 | 3.6 | 10.5 |
| §75 | F.P. | 16/9 | 83 | 79 | Dalkeminster 10p | 82 | +1 | R1.13 | 2.8 | 1.8 | 35.9 |
| - | F.P. | 22/7 | 163 | 136 | English & O'seas Props 10p | 136 | | R2.6 | 4.9 | 2.5 | 8.4 |
| §165 | F.P. | 22/8 | 170 | 168 | Ensskin Group | 168 | | u6.5 | 3.3 | 4.4 | 8.8 |
| §95 | F.P. | - | 108 | 88 | Eurocopy 5p | 97 | +1 | R2.19 | 2.5 | 3.0 | 16.7 |
| - | F.P. | - | 53 | 48½ | Glasgow Inc Tst+Wrrnts | 52 | -½ | - | - | - | - |
| §95 | F.P. | - | 186 | 100 | ♦Heritage 10p | 105 | | L2.75 | 2.4 | 2.0 | 29.1 |
| ? | F.P. | - | 118 | 105 | Jackson Group 10p | 112 | | L3.8 | 3.3 | 3.6 | 11.0 |
| §115 | F.P. | 22/8 | 165 | 128 | ♦Locat Group 10p | 160 | | 3.7 | 2.5 | 3.1 | 14.9 |
| 120 | F.P. | - | 151 | 123 | National Telecom 5p | 145 | -2 | L2.0 | 4.1 | 1.8 | 14.2 |
| §100 | F.P. | 28/7 | 106 | 91 | Needler Group | 96 | -4 | uR3.8 | 2.1 | 4.5 | 10.5 |
| 60 | F.P. | 26/8 | 74 | 58 | ♦Oquin Group 10p | 61 | -1 | - | - | - | 20.9 |
| - | F.P. | - | 250 | 240 | Palmerston H0dgs | 248 | | u7.5 | 1.3 | 4.2 | 18.3 |
| ♦ | F.P. | - | 88 | 78 | RIT Capital Partners £1 | 78 | -1 | - | - | - | - |
| §140 | F.P. | 27/7 | 161 | 146 | ♦Reject Shop 5p | 146 | | u3.15 | 2.2 | 2.9 | 18.9 |
| 140 | F.P. | 5/8 | 141 | 120 | Rockfort Group 20p | 129 | +1 | R3.9 | 3.1 | 4.0 | 8.4 |
| §125 | F.P. | 19/8 | 133 | 125 | Smith 5p | 128 | -1 | L3.0 | 2.5 | 3.1 | 14.1 |
| ♦ | F.P. | - | 143 | 115 | Seafield | 126 | +4 | - | - | - | - |
| §80 | F.P. | - | 95 | 84 | ♦Swerfield-Reeve 10p | 94 | | u2.75 | 2.3 | 3.9 | 13.3 |
| §80 | F.P. | - | 96 | 80 | ♦Tams (John) Group 10p | 88 | | L3.3 | 2.0 | 5.0 | 11.9 |
| - | F.P. | - | 21 | 14 | Waverley Mining Warrants | 21 | | - | - | - | - |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1988 High | 1988 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| 100p | F.P. | - | 104p | 102p | Attwoods (Fin) 8½pc Gtd Rd Cv Pf 5p | 102p | -2 |
| - | F.P. | 12/8 | 313p | 306p | ♦City Gate Ests 3¼pc Cm Cv Prf £1 | 308p | +2 |
| ♦ | Nil | 16/9 | 8pm | 6pm | Harrison Inds 6.5pc Cv Cm Rd Pf | 7pm | |
| - | F.P. | - | 119p | 108p | ♦Hewetson 7pc Cnt. Cv. Rd. Pf. £1 | 118p | -1 |
| 65 | F.P. | 12/8 | £65¼ | £65¼ | Housing Fin. Corp. 7pc Deb. 2009 | £65¼ | |
| 100p | Nil | 20/9 | 5 | 1 | NMC Group (Net) Cv Cm Rd Pf 10p | 1 | -½ |
| - | F.P. | - | 100 | 99⅞ | N'wide Ang. 10⅝pc 17.7.89 | 99⅞ | |
| - | F.P. | - | 100 | 99⅞ | Do. 11⅛pc 7.8.89 | 99⅞ | |
| §100p | F.P. | - | 115p | 110p | Prestwick Hldgs 7¼pc Cv Rd Pf £1 | 110p | -1 |
| ♦ | F.P. | - | £86½ | £79½ | RIT Capital Ptws 2½pc Cv Uns Ln 2008 | £79½ | -1 |
| 100p | F.P. | - | 108p | 100p | Sommer Int'l. 7¼pc Cv Rd Prf | 100p | -1 |
| 100p | Nil | 2/9 | 5pm | ½pm | Tomkins 6.25pc (Net) Cm Cv Rd Pf 20p | ½pm | |
| 100p | Nil | - | 107pm | 103pm | TVS Enter. 7.4p Cv Cm Rd Prf 2008 | 105pm | -2 |
| ♦ | F.P. | - | 106p | 103p | Wagon Ind'l. Hldgs. 7¼pc Cv Prg Pf | 106p | |
| ♦ | Nil | 21/9 | 2pm | ½pm | Waterglade Intl 7.75% Cv Cm Rd Pf | ½pm | -¼ |

## RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1988 High | 1988 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| 190 | Nil | 28/9 | 13pm | 8pm | Browning Group 25p | 8pm | |
| 180 | Nil | 16/9 | 12pm | 8pm | ♦Campbell & Armstrong 5p | 12pm | +1 |
| 50 | Nil | 23/9 | 14½pm | 8½pm | Durham (D & J) 10p | 14pm | -½ |
| 18 | Nil | 21/9 | 3pm | 2pm | Energy Capital 1p | 2pm | |
| 282 | Nil | 9/9 | 52pm | 20pm | Evans Halshaw Hldgs. | 52pm | +2 |
| 20 | Nil | 19/8 | 7pm | 4pm | Goodman Group 5p | 5pm | |
| 685 | Nil | 8/9 | 145pm | 135pm | Macallan-Glenlivet | 145pm | - |
| 45 | Nil | 14/9 | 31pm | 24pm | Owners Abroad Group 3p | 29pm | |
| 2 | Nil | 4/10 | 4pm | 1¼pm | *Premier Res A 1p | 3pm | |
| 33 | Nil | 13/9 | 12pm | 5pm | ♦Reliant Motor 10p | 6pm | -1 |

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Issued by tender. ♦ Offered to holders of ordinary shares as a "rights". ‡ Introduction. §Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ♦ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

## TRADITIONAL OPTIONS

- First Dealings Aug 8
- Last Dealings Aug 19
- Last Declarations Nov 10
- For settlement Nov 21

*For rate indications see end of London Share Service*

Stocks dealt in for the call included **West Trust, Invergordon, FKI Babcock, Acorn Securities, Control Securities, BOM Holdings, Amstrad, Borthwick, JE England, Cowan De Groot, Blue Arrow, Sound Diffusion, Pearson, Porter Chadburn, Amersham** and **Owners Abroad**. No puts were reported but double were arranged in **Highgate** and **Job** and **INOCO**.

## LONDON TRADED OPTIONS

| Option | | CALLS Oct | CALLS Jan | CALLS Apr | PUTS Oct | PUTS Jan | PUTS Apr |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*417) | 390 | 40 | 48 | 58 | 5 | 11 | 14 |
| | 420 | 20 | 30 | 36 | 16 | 24 | 30 |
| | 460 | 6 | 14 | 22 | 47 | 50 | 53 |
| Brit. Airways (*152) | 140 | 17 | 20 | 23 | 2½ | 6 | 8 |
| | 160 | 6 | 10 | 13 | 11 | 17 | 20 |
| | 180 | 1¼ | 4 | - | 29 | 35 | - |
| Brit. & Comm. (*240) | 220 | 30 | 32 | 37 | 4 | 7 | 9 |
| | 240 | 16 | 20 | 25 | 13 | 17 | 18 |
| | 260 | 5 | 11 | 16 | 27 | 30 | 33 |
| B P (*259) | 240 | 21 | 28 | 31 | 4 | 8½ | 11 |
| | 260 | 9 | 14½ | 19 | 12 | 15 | 22 |
| | 280 | 2½ | 8 | 10½ | 29 | 29 | 35 |
| Bass (*767) | 750 | 45 | 57 | 70 | 13 | 27 | 30 |
| | 800 | 18 | 30 | 45 | 40 | 55 | 57 |
| | 850 | 7 | 15 | - | 87 | 95 | - |
| Cable & Wire (*382) | 330 | 60 | 73 | 82 | 3 | 7 | 10 |
| | 360 | 35 | 48 | 57 | 7 | 12 | 17 |
| | 390 | 18 | 30 | 38 | 18 | 22 | 30 |
| Cons. Gold (*980) | 950 | 80 | 110 | 145 | 47 | 58 | 65 |
| | 1000 | 52 | 80 | 120 | 75 | 90 | 100 |
| | 1100 | 22 | 50 | 70 | 155 | 160 | 170 |
| Courtaulds (*343) | 300 | 52 | - | - | 1 | - | - |
| | 330 | 28 | 37 | 48 | 11 | 15 | 18 |
| | 360 | 13 | 22 | 32 | 26 | 32 | 35 |
| Com. Union (*365) | 330 | 39 | 40 | - | 4 | 11 | - |
| | 360 | 20 | 32 | 38 | 18 | 24 | 30 |
| | 390 | 8 | 20 | 26 | 38 | 40 | 48 |
| G.E.C. (*161) | 140 | 24 | 30 | 35 | 1 | 3 | 5 |
| | 160 | 8 | 14 | 18 | 5 | 8 | 11 |
| | 180 | 2½ | 6 | 9 | 20 | 21 | 24 |
| G.K.N. (*325) | 300 | 28 | 40 | 44 | 5 | 9 | 17 |
| | 330 | 11 | 21 | 27 | 18 | 23 | 30 |
| | 360 | 3 | 10 | 14 | 48 | 46 | 49 |
| Grand Met. (*506) | 460 | 58 | 68 | 79 | 3½ | 10 | 16 |
| | 500 | 29 | 42 | 48 | 18 | 24 | 32 |
| | 550 | 7 | 19 | 25 | 55 | 57 | 62 |
| I.C.I. (*1027) | 950 | 84 | 120 | - | 12 | 23 | - |
| | 1000 | 50 | 77 | 90 | 31 | 40 | 58 |
| | 1100 | 12 | 35 | 45 | 100 | 103 | 118 |
| Jaguar (*277) | 260 | 25 | 33 | 46 | 6½ | 12 | 16 |
| | 280 | 13 | 24 | 32 | 15 | 19 | 24 |
| | 300 | 6 | 14 | 22 | 28 | 32 | 36 |
| Land Securities (*575) | 500 | 85 | 95 | 107 | 3 | 7 | 15 |
| | 550 | 42 | 55 | 70 | 14 | 23 | 28 |
| | 600 | 15 | 27 | 40 | 37 | 45 | 50 |
| Marks & Spencer (*167) | 160 | 15 | 18 | 21 | 3 | 6 | 7 |
| | 180 | 5 | 7 | 9 | 14 | 17 | 19 |
| | 200 | 1½ | 2½ | - | 34 | 36 | - |
| Rolls-Royce (*139) | 130 | 14 | 17½ | 21 | 3 | 6 | 7½ |
| | 140 | 7½ | 12 | 15 | 7½ | 10 | 13 |
| | 160 | 2 | 5 | 8 | 23 | 24 | 26 |
| STC (*285) | 260 | 29 | 44 | 50 | 3 | 7 | 11 |
| | 280 | 18 | 30 | 35 | 10 | 14 | 20 |
| | 300 | 8 | 20 | 25 | 22 | 26 | 30 |
| Sainsbury (*215) | 200 | 23 | 29 | 34 | 2 | 4 | 5 |
| | 220 | 8 | 16 | 22 | 10 | 12 | 14 |
| | 300 | 8 | 20 | 25 | 22 | 26 | 30 |
| Shell Trans. (*1023) | 950 | 87 | - | - | 15 | - | - |
| | 1000 | 52 | 82 | 97 | 35 | 47 | 65 |
| | 1100 | 15 | 38 | 50 | 102 | 107 | 127 |
| Storehouse (*232) | 220 | 22 | - | - | 15 | - | - |
| | 240 | 12 | 23 | 30 | 17 | 22 | 24 |
| | 260 | 7 | 15 | 22 | 32 | 34 | 37 |
| Trafalgar House (*315) | 300 | 28 | 33 | 38 | 7 | 14 | 18 |
| | 330 | 11 | 17 | 22 | 22 | 30 | 33 |
| | 360 | 3 | 6 | - | 48 | 53 | - |
| T.S.B. (*109) | 100 | 9 | 12 | 14 | 2 | 4 | 5 |
| | 110 | 3 | 6½ | 8 | 7 | 7½ | 9½ |
| | 120 | 1½ | - | - | 16 | - | - |
| Utd. Biscuits (*298) | 300 | 14 | 22 | 30 | 11 | 15 | 17 |
| | 330 | 4½ | 9 | 15 | 32 | 36 | 36 |
| Ultramar (*280) | 260 | 35 | 46 | - | 9 | 16 | 280 |
| | 22 | 35 | 45 | 17 | 25 | 32 | 300 |
| | 13½ | 27 | 35 | 30 | 35 | 43 | - |
| Woolworth (*278) | 260 | 27 | 34 | 39 | 2 | 3 | 6 |
| | 280 | 12 | 17 | 23 | 10 | 13 | 15 |
| | 300 | 4 | 9 | 14 | 27 | 28 | 30 |

| Option | | CALLS Feb | CALLS Nov | CALLS Apr | PUTS Feb | PUTS Nov | PUTS Apr |
|---|---|---|---|---|---|---|---|
| Ladbroke (*447) | 390 | 77 | 67 | - | 5 | 3 | - |
| | 420 | 55 | 42 | 40 | 13 | 9 | 14 |
| | 460 | 32 | 18 | 36 | 32 | 28 | 33 |

| Option | | CALLS Nov | CALLS Feb | CALLS May | PUTS Nov | PUTS Feb | PUTS May |
|---|---|---|---|---|---|---|---|
| 490t Aero (*490) | 460 | 46 | 65 | 73 | 13 | 23 | 28 |
| | 500 | 24 | 45 | 55 | 35 | 45 | 48 |
| | 550 | 8 | 23 | 33 | 70 | 75 | 80 |
| BAA (*274) | 260 | - | 35 | 41 | - | 9 | 11 |
| | 265 | 24 | - | - | 7 | - | - |
| | 280 | 14 | 22 | 28 | 14 | 17 | 19 |
| BAT Inds (*422) | 390 | 42 | 53 | 60 | 8 | 12 | 18 |
| | 420 | 23 | 35 | 43 | 20 | 25 | 32 |
| | 460 | 8½ | 18 | 23 | 48 | 50 | 58 |
| Brit. Telecom (*240) | 220 | 31 | 34 | 38 | 4 | 7 | 8 |
| | 240 | 14 | 20 | 26 | 9 | 13 | 14 |
| | 260 | 5 | 11 | 16 | 22 | 25 | 25 |
| Cadbury Schweppes (*372) | 360 | 37 | 47 | 53 | 17 | 22 | 26 |
| | 390 | 18 | 30 | 38 | 32 | 37 | 40 |
| | 420 | 12 | 20 | 27 | 55 | 57 | 60 |
| Guinness (*319) | 300 | 32 | 40 | 47 | 9 | 14 | 18 |
| | 330 | 14 | 25 | 30 | 22 | 27 | 30 |
| | 360 | 5 | 13 | 18 | 45 | 47 | 50 |

| Option | | CALLS | | | PUTS | | |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

August 11 Total Contracts 35,418 Calls 20,020 Puts 15,398
FT-SE Index Calls N/A Puts N/A
*Underlying security price.

## LONDON STOCK EXCHANGE

# Equities rally after early downturn

A STEADY performance from the pound helped restrain underlying worries over interest rates in London, for the near term at least, and both Gilts and equities enjoyed fairly calm trading sessions yesterday. Bond markets closed quietly, although many dealers noted the continued firmness of London money market rates, and the increase in prime lending rate by a number of New York banks.

The equity market opened firmly, with the rally in Tokyo offsetting another heavy fall in New York equities overnight. Uncertainty over global interest rate trends continued to subdue trading activity,

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Aug 1 | Aug 15 | Sep 5 |
| Option Declarations: | | |
| Aug 11 | Sep 1 | Sep 15 |
| Last Dealings: | | |
| Aug 12 | Sep 2 | Sep 16 |
| Account Day: | | |
| Aug 22 | Sep 12 | Sep 26 |

*New time dealings may take place from 9.00 am two business days earlier

despite the comment from the Japanese Finance Ministry that it saw no need to raise the discount rate at present.

The major institutions continued to take a very selective stance towards equities. While confidence in the UK economy remained firm, the fear that inflation worries may bring further rises in UK base rates discouraged fund managers from committing their ample funds in the market place.

Share prices took a tumble at midday when the market showed disappointment with the quarterly trading figures from Shell. There was little selling pressure, however, and London steadied when Wall Street opened on a relatively even keel.

The FT-SE Index, down 11.6 at mid-session, recovered steadily during the second half of the session to end with a net fall of only 4.7 points at 1835.2. Market turnover remained brisk and the Seaq volume total, which takes in both marketmaker and customer business, edged up to 465.4m shares.

The session was enlivened by a number of corporate developments, although none of these shifted the general direction of the equity sector. Quarterly trading figures from Shell and British Petroleum found contrasting receptions. Shell, which has recently benefited from investors switching out of BP, fell sharply, extending the loss after trading opened in New York. BP's trading figures were well taken however, and the shares attracted substantial support.

Speculative situations continued to enliven the market, Racal giving ground as Cable & Wireless sold its stake and Royal Insurance improving as it terminated a long-running market merger hope by breaking off discussions with Compagnie Financiere du Groupe Victoire.

The Gilt-edged market was extremely quiet as the 1994 auction stock was absorbed comfortably, the new issue closing unchanged on the day. "The pound was reasonably steady and the New York bond market rallied after its fall", commented one leading trader. "But we are still worried about next week's money supply figures from the UK and trade figures from the US".

## FINANCIAL TIMES STOCK INDICES

| | Aug 11 | Aug 10 | Aug 9 | Aug 8 | Aug 5 | Year Ago | 1988 High | 1988 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 87.92 | 87.98 | 88.31 | 88.23 | 88.35 | 86.48 | 91.43 (16/4) | 86.37 (13/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 97.45 | 97.43 | 97.91 | 97.84 | 97.77 | 94.32 | 98.67 (25/5) | 94.14 (8/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 1477.6 | 1482.1 | 1501.1 | 1514.7 | 1512.8 | 1778.6 | 1514.7 (8/8) | 1349.0 (8/2) | 1926.2 (16/7/87) | 49.4 (26/6/40) |
| Gold Mines | 188.9 | 190.4 | 195.0 | 196.9 | 200.4 | 438.3 | 312.5 (7/1) | 183.9 (11/8) | 734.7 (15/2/83) | 43.5 (26/10/71) |

| | Aug 11 | Aug 10 | Aug 9 | Aug 8 | Aug 5 | Year Ago |
|---|---|---|---|---|---|---|
| Ord. Dl. Yield | 4.59 | 4.58 | 4.52 | 4.48 | 4.48 | 3.24 |
| Earning Yld. %(full) | 11.65 | 11.61 | 11.46 | 11.36 | 11.37 | 8.03 |
| P/E Ratio (Net)(☆) | 10.48 | 10.50 | 10.63 | 10.73 | 10.71 | 15.28 |
| SEAQ Bargains (5pm) | 24,059 | 24,952 | 25,442 | 26,351 | 25,628 | 35,152 |
| Equity Turnover (£m) | - | 1430.77 | 928.24 | 854.46 | 1200.04 | 1721.10 |
| Equity Bargains | - | 25,175 | 24,969 | 27,061 | 26,659 | 46,141 |
| Shares Traded (ml)† | - | 439.0 | 391.3 | 324.5 | 355.8 | 459.9 |

Ordinary Share Index, Hourly changes

| Opening | 10 a.m. | 11 a.m. | 12 p.m. | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1484.2 | 1485.8 | 1483.1 | 1473.6 | 1475.6 | 1477.1 | 1476.8 | 1476.1 |

DAY'S HIGH 1486.0 DAY'S LOW 1473.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35. Gold Mines 12/9/55, SE Activity 1974, ☆ Nil 10.37 † Excluding intra-market business

### S.E. ACTIVITY

| Indices | Aug 10 | Aug 9 |
|---|---|---|
| Gilt Edged Bargains | 128.5 | 124.4 |
| Equity Bargains | 183.1 | 161.8 |
| Equity Value | 2891.98 | 1676.22 |
| 5-Day average | | |
| Gilt Edged Bargains | 121.2 | 118.2 |
| Equity Bargains | 167.7 | 164.3 |
| Equity Value | 2201.64 | 2042.75 |

London Report and latest Share Index: Tel. 0898 123001

# Reaction to Shell profits

SECOND-QUARTER results from the two oil majors – BP and Shell – drew contrasting responses. Shell's figures were described as "acutely disappointing" and analysts were partly responsible for knocking sentiment in the market early in the session.

The profits performance – net income of £633m was at the bottom end of expectations – triggered a rush of selling and lowered the share price to 1017p before late support left the stock a net 34 lower at 1025p. Turnover was 1.8m shares.

But analysts were keen to point out that the group will announce the interim dividend on September 15. BZW is forecasting a payment of 21p, while Dr Homa Motamen at CIBC Securities is going for 20p, compared with last time's 16.5p and says the shares are a "buy on weakness for the yield". She adds that Shell shares are currently trading at a discount to those of Royal Dutch.

BP shares performed exceedingly well after profits in the mid-range of forecasts, and the expected dividend hike. The old rose 3½ to 258p after volume of 4.5m and the partly-paid were 1½ to the good at 58p on turnover of 14m.

## Trafalgar Hse active

Trafalgar House moved back into the spotlight as the British Waterways Board announced that it had chosen the group as joint developer for the £350m regeneration scheme for the Board's 13 acre Paddington Basin site, near Marble Arch in west London. In a drab session Trafalgar House shares traded actively (4.m shares), closing 7 up at 314p, against the market trend.

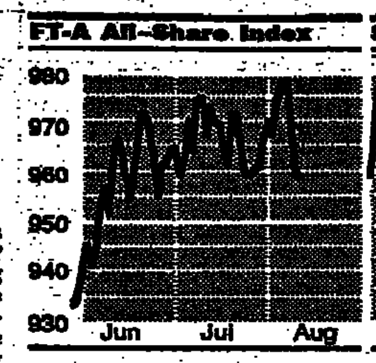
The other competitors for the scheme were Rosehaugh, Stanhope Developments and Speyhawk Land and Estate.

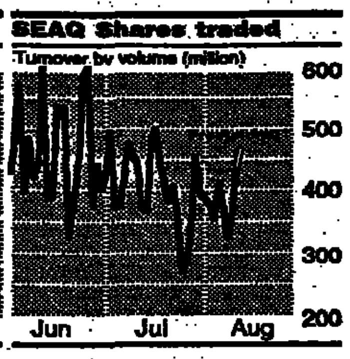
## Racal stake sold

Cable & Wireless announced that it had "completed the sale of its shareholding" in Racal Electronics, lending credence to recent market rumours that it had been quietly unloading its 2.8 per cent Racal holding over the past fortnight.

A single trade of 8.6m Racal shares at 320p went through the SEAQ ticker just before midday and appeared to represent completion of the 17.4m share disposal.

Racal shares were heavily traded prior to the C & W news, but business subsequently tailed off and the shares settled a net 3½ down at 320½p on turnover which eventually reached 18m.




Dealers said the sale of the stake closed one chapter in the Vodafone saga – "the C & W holding and the possibility of a full takeover bid were the icing on the cake for Racal shareholders".

But there was a fair amount of buying interest in the stock after Goldman Sachs, the US securities house handling the New York side of the flotation, issued a major note on Vodafone. Racal shareholders will vote on the Racal board's proposals at a meeting to be held on Tuesday. Cable & Wireless shares gained 6 to 382p.

## Royals advance

Shares in Royal Insurance moved up to 405p, before closing a net 4 higher at 399p on turnover of 2.9m, as the much talked of link-up between Royals, the UK's biggest composite insurer, and Groupe Victoire, the French insurance company, was killed off.

A Royal spokesman said: "Friendly discussions with a view to possible association have been discontinued". Royal shares immediately rose on the news which was interpreted by the market as leaving the group open to a bid from elsewhere.

It was also rumoured that the John Spalvins-led Adsteam group could have been back in the market to top up its stake of around 7 per cent. Royals' interim results are scheduled for next Thursday.

Sears continues to catch the eye as impressive amounts of the stock change hands each day. Yesterday 20m shares went through the Seaq system, and with buyers out-matching sellers Sears improved by 3½ to 139½p. Two big bargains dominated the day, one of 5m shares at 185p, and another moments later of 3m at 135¾p. Both deals were said to have been handled by Hoare Govett.

Storehouse also featured, rising 4 to 235p in a flurry of late buying. With the new Account on Monday set to run for three weeks, dealers think some investors are buying Storehouse because they believe property firm Mountleigh might launch a bid for the stores group at some stage during the new, extended account. Mountleigh failed with its first bid for Storehouse eleven months ago, but the one-year moratorium on a second bid will be up at the end of August, right in the middle of the next account.

International stocks were described by one dealer as "dreary, but dangerous". A nervous market see-sawed after the mixed results from major oil stocks and Wall Street's influence was undiminished. The FT-SE future remained at a discount and led the market lower, although there was little genuine business ahead of the three-week account which starts on Monday. Hanson fell a penny to 137½p after a seller disposed of 1.2m ADR's in New York at $11¾. Nomura Research Institute put out a buy recommendation, saying "it is feasible that Hanson could declare 9-month results of £600m" (£517m) on August 24.

BTR was steady after the expected excellent results from BTR Nylex, ending the day unchanged at 287p after turnover of 5.4m. ICI fell 4 to 1027p amid continuing arbitrage activity between New York and London. Amersham improved 11 to 623p in modest turnover.

Pearson reacted to an agressive sell note from Nomura earlier in the week and the shares fell 9 more to 756p in high turnover of 864,000.

Scottish & Newcastle spurted into action late as rumours resurfaced that Mr John Elliot's Elders group may be about to launch a bid. The shares gained 11 to 341p in turnover of 1.6m. One dealer mentioned a possible opening bid of 370p today, but added that for marketmakers the concern is to pick the right day. If a bid is made, dealers confidently anticipate a takeout price around the 500p level.

Other leading brewers were down with the wider market, with the exception of Whitbread which ended unchanged at 303p as a stock shortage underpinned the price. Grand Metropolitan ran into profit-taking after their recent run which caught most dealers short and finished the day 5 worse at 506p. Rumours continue to abound that Grand Met may soon counter-bid for leisure group Pleasurama or later announce a major overseas acquisition using the proceeds from the sale of its Inter-Continental hotels.

British Airways traded briskly at 155p, up 3, after touching 156p immediately following the announcement of the July traffic figures. The combined BA and BCal scheduled passenger traffic increased by 22 per cent above that of BA in July. Cargo traffic in the month was 28 per cent higher.

In a review of the company last week, Noumrua Research pointed out that it expected the improvement on passenger yields to continue throughout the rest of the year. It also believes that BA remains well positioned to take advantage of the continuing long-term expansion of air traffic generally and regards the current BA rating as undemanding.

Smith and Nephew's interim figures (£54.5m pre-tax against £48.4m), although not up to best market expectations, appeared to quell recent worries about the slowdown in earnings per share growth. The acquisition of Albion Group was regarded as favourable by a number of commentators. Smith and Nephew shares held steady at 122p, but volume amounted to only 1.1m.

James Finlay went better against the trend as speculation resurfaced of a predator building up a stake prior to a bid. Goode Durrant was the market's first choice but Mr Dudley Thompson, the company's Finance Director, said yesterday, "at this point in time, we have not bought any shares".

He admitted, however, that since a recent Scottish report linking the two concerns his group had looked at Finlay because of the business similarities. One broking house has bought the stock aggressively over the past few sessions and renewed its efforts yesterday, leaving the shares 3 higher at 108p.

Adsteam featured again this time in connection with Commercial Union (CU) as the Australian group revealed it had recently lowered its stake in the insurance company by just over 3m shares to 6.91 per cent. CU shares dipped 6 to 365p after turnover of 2.1m.

The big-four banks drifted off as did Standard Chartered which settled 7 down at 511p after further speculation about the stakes held by the "White squires" who control some 37 per cent of the bank. Standard is expected to announce interim results on Wednesday; Kleinwort Grieveson is forecasting profits of £133m and an unchanged interim of 12.5p, "but no rights issue until later in the year".

Vickers moved up 3 to 176p in belated response to news of the sale of Comforto Group, a part of the company's office furniture division, for £17.5m cash. A. Cohen advanced 75 to 1000p in a limited market following the annual meeting. Interest in Cohen has been enlivened recently by GM Firth's 8 per cent stake in the group.

Ranks Hovis McDougall dominated a subdued Foods sector, gaining 4 to 449p in turnover of 3.5m. RHM's confident statement in response to the Goodman Fielder Wattie bid pointed to improved profits and found some new-time buyers. Cadbury Schweppes fell 8 to 372p on lack of news.

T Cowie gave a splash of colour to a drab Motor sector, rising 4¼ to 127p as investors responded to advice given by Hoare Govett. Researcher Mr Mark Wright rates the stock a buy on the basis that the shares have recovered from their low point following the announcement of investigation on behalf of the DTI into specific and minor dealings.

He expects continued profits growth from all divisions, in particular the finance division, and a re-rating as investors increasingly recognise that a material fall in the new car market is not imminent. The group could make pre-tax profits of £25m for the year, up 47 per cent on 1987, says Mr Wright.

In a downbeat Property sector, Speyhawk fell 9 to 306p, when failing to win the contract to develop the British Waterways Board's Paddington Basin site. Two other developers said to have been in the frame for the £350m regeneration scheme also eased on the news that Trafalgar House had won the day. Stanhope fell 6 to 287p, and Rosehaugh eased to 743p.

Among the Agencies Charles Barker improved 7 to 170p on "new time" speculation that a bid for the company is imminent. So far, more predators have been mentioned in connection with Barker than marketmakers care to remember, but the dealers' favourite remains WPP. With figures due next week, WPP shares were themselves a good market, closing 7 to the good at 605p.

Positive recommendations from two securities houses supported BAT Industries. County NatWest WoodMac said if the UK group is successful in getting Farmers to talk about its increased offer, then it is likely the bid could be concluded without the expensive and time-consuming regulatory hearings creating further uncertainty.

Kitcat & Aitken couches its circular in similar terms and concludes, "BAT's rating is not high enough to be vulnerable to even a finally improved offer of, say, $75". BAT has made an increased but conditional offer of $72 cash for each Farmers share.

Business in the Traded Options Market was again brisk, with a total of 35,618 contracts reported for the day. Stocks in demand most were Sears, Racal, BP and Hanson Trust.

Other statistics, P 25

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| ASDA Group | 2,480 | 153 | -1 |
| Abbey Life | 1,200 | 338 | -1 |
| Allied-Lyons | 771 | 418 | |
| Amstrad | 2,600 | 219 | -5 |
| Argyll Group | 1,300 | 186 | +1 |
| Assoc. Brit. Foods | 723 | 315 | -4 |
| BAA | 1,100 | 275 | +1 |
| BAT | 1,900 | 422 | +1 |
| BET | 3,200 | 231 | +1 |
| BICC | 663 | 363 | -5 |
| BOC | 1,300 | 415 | +2 |
| BPB Inds | 600 | 285 | |
| BTR | 5,400 | 287 | |
| Barclays | 578 | 403 | -4 |
| Bass | 791 | 767 | -4 |
| Beecham | 1,800 | 487 | +1 |
| Blue Arrow | 6,200 | 91 | -2 |
| Blue Circle | 705 | 456 | +2 |
| Boots | 2,200 | 227 | -2 |
| Brit. Airways | 5,300 | 155 | +3 |
| Brit. Aerospace | 1,300 | 492 | +1 |
| Brit. & Comm. | 1,100 | 240 | -4 |
| British Gas | 3,000 | 184 | +½ |
| British Land | 438 | 342 | -2 |
| BP | 4,500 | 259 | +3½ |
| Brit. Telecom | 3,500 | 240 | |
| Burmah Oil | 784 | 234 | -5 |
| Burton | 1,300 | 221 | -1 |
| Cable & Wireless | 4,600 | 382 | +6 |
| Cadbury Schweppes | 3,800 | 372 | -8 |
| Coats Viyella | 1,200 | 229 | -4 |
| Commercial Union | 2,100 | 365 | -6 |

| Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Cons. Gold | 271 | 980 | -8 |
| Cookson | 2,200 | 257 | +5 |
| Courtaulds | 7,000 | 343 | -4½ |
| Dalgety | 169 | 335 | -3 |
| Dee Corporation | 1,500 | 171 | -3 |
| Dixons | 999 | 179 | -1 |
| Eng. China Clays | 257 | 455 | |
| Enterprise Oil | 1,100 | 483 | +1 |
| FKI Babcock | 2,300 | 131½ | -½ |
| Fisons | 1,100 | 251 | |
| General Accident | 388 | 915 | -4 |
| General Elect. | 2,200 | 160½ | -½ |
| Glaxo | 1,200 | 954 | +1 |
| Globe Investment | 129 | 143½ | |
| Glynwed | 359 | 307 | |
| Granada | 630 | 302 | |
| Grand Met. | 2,900 | 506 | -5 |
| GUS "A" | 206 | £10½ | |
| Guardian R.E. | 736 | 187 | -2 |
| GKN | 1,500 | 327 | |
| Guinness | 2,800 | 321 | -5 |
| Hammerson | 275 | 626 | -4 |
| Hanson | 3,800 | 137½ | -1 |
| Harrisons & Cros. | 66 | 329 | |
| Hawker Siddeley | 612 | 316 | -3 |
| Hillsdown Hldgs | 989 | 277 | +2 |
| IMI | 1,500 | 200 | -3 |
| ICI | 1,500 | £10¼ | -⅛ |
| Inchcape | 700 | 211 | +2 |
| Jaguar | 1,200 | 277 | -1 |
| Ladbroke | 1,400 | 447 | -5 |

| Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Land Securities | 542 | 575 | +1 |
| Laporte | 22 | 419 | +3 |
| Legal & General | 701 | 326 | -2 |
| Lloyds Bank | 738 | 298 | -5 |
| LASMO | 1,070 | 440 | -3 |
| Lonrho | 623 | 233 | |
| Lucas | 685 | 561 | -4 |
| MEPC | 646 | 545 | |
| Marks & Spencer | 4,300 | 167 | -2 |
| Maxwell Comm. | 961 | 214 | -1 |
| Metal Box | 2,000 | 239 | -1 |
| Midland Bank | 1,600 | 423 | -2 |
| NatWest Bank | 985 | 560 | -3 |
| Next | 1,900 | 279 | -3 |
| Northern Foods | 537 | 293 | -6 |
| Pearson | 864 | 756 | -9 |
| Pearl Group | 156 | 472 | |
| P & O | 1,200 | 579 | +1 |
| Pilkington | 1,000 | 214 | +1 |
| Plessey | 1,100 | 161 | |
| Prudential | 2,900 | 160 | -2 |
| Racal | 18,000 | 320½ | -3½ |
| Rank Org | 741 | 712 | -6 |
| RMC | 573 | 474 | +1 |
| RHM | 3,500 | 449 | +4 |
| Reckitt & Colman | 150 | 922 | -1 |
| Redland | 1,500 | 430 | +1 |
| Reed Intl | 1,300 | 433 | -3 |
| Reuters "B" | 715 | 477 | +1 |
| RTZ | 1,300 | 423 | |
| Rolls-Royce | 1,300 | 139 | +1 |

| Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| Rothmans "B" | 836 | 419 | +1 |
| Ryl Bank Scotland | 91 | 358 | -1 |
| Royal Insurance | 2,900 | 400 | +5 |
| STC | 1,200 | 295 | |
| Saatchi & Saatchi | 869 | 350 | +3 |
| Sainsbury | 1,700 | 215 | |
| Scot & Newcastle | 1,600 | 341 | +12 |
| Sears | 20,000 | 139½ | +3½ |
| Shell Transport | 1,800 | £10¼ | -¼ |
| Siebe | 629 | 379 | +2 |
| Slough Estates | 330 | 300 | +1 |
| Smith & Nephew | 1,100 | 122 | -½ |
| Standard Chtrd | 271 | 511 | -7 |
| Storehouse | 1,600 | 235 | +4 |
| Sun Alliance | 415 | 988 | -5 |
| T & N | 775 | 183 | -5 |
| TSB | 932 | 108½ | +½ |
| Tarmac | 4,300 | 232 | -1 |
| Tate & Lyle | 511 | 849 | +3 |
| Tesco | 983 | 146 | -1 |
| THORN EMI | 752 | 658 | |
| Trafalgar House | 4,000 | 314 | +7 |
| Trusthouse Forte | 1,400 | 250 | -2 |
| Ultramar | 2,200 | 284 | -4 |
| Unilever | 2,200 | 460 | -6 |
| United Biscuits | 703 | 298 | -4 |
| United News. | 271 | 429 | -1 |
| Wellcome | 723 | 515 | -1 |
| Whitbread "A" | 796 | 303 | |
| Williams Holdings | 2,000 | 290 | -2 |
| Wimpey | 452 | 235 | +2 |
| Woolworth | 862 | 278 | -3 |

## NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (30).
AMERICANS (1) Quaker Oats, CANADIANS (1) Denbus Res., BREWERS (2) Fuller, S.T.A.,* Morland, BUILDINGS (2) Ruberoid, Trent Hldgs., CHEMICALS (1) Allida Hldgs., ELECTRICALS (3) Fujitsu, TDK Corp., FOODS (3) Berisford (S & W), Carr's Milling, Jacob (W. & R.), INDUSTRIALS (4) Campbell & Armstrong, Handley-Walker, Macfarlane, Sinclair (Wm.), LEISURE (3) Marina Development, Saga, Tyne Tees, NEWSPAPERS (2) EPP, Trinity Intl., PAPERS (3) Goodhead Print, Southnews, Stanco Exhibitions, PROPERTY (3) Billingsgate City Sec., Broadwell Land, Mountview Ests., TRUSTS (2) Drayton Far East, General Oriental, PLANTATIONS (1) Lawrie Group.

NEW LOWS (31).
BRITISH FUNDS (4) Exch 2½pc 1990, Fund. 3½pc 1987-91, Treas 3pc 1991, Treas 13¼pc 1993, LOANS (1) SI 8⅞ 1992-97, CANADIANS (1) Geodome Res., BANKS (4) FNFC 8.3pc Cv Pf, Gerrard & National, MCorp, Warburg (S.G.) 8pc "A" Cv Pf, STORES (1) Casket, INDUSTRIALS (3) Alexander (W.), Jackson Bourne, Sheldon Jones, NEWSPAPERS (1) News Int. Spec. Div., PAPERS (1) Moorgate, TRUSTS (6) Derby Tst. Wrrts., SPLIT Cap., Authority Inve., Baltic, Tranwood, OILS (1) Sandpiper Oil, MINES (8) Durban Deep, Deelkraal, Harrabeest, Libanon, Southvaal, Venterspost, Free State Development, Unisel, THIRD MARKET (1) Eglinton Expln.

## APPOINTMENTS

# Return to the licensed trade

■ In a surprise move Mr Patrick Townsend, former chairman and chief executive of Matthew Brown, has returned to the industry as deputy chairman of SURREY FREE INNS.

He left Matthew Brown last October when Scottish & Newcastle finally won its three-year battle to take over what was the largest independent brewer in the UK.

In his new non-executive role he is expected to influence the continued growth of a pub company which, aided by the Business Expansion Scheme, has acquired some 15 outlets and built its turnover to £4m plus since its formation less than two-and-a-half years ago.

■ Mr C. Simon Thompson becomes group treasurer of TRAFALGAR HOUSE on September 1. He was vice president, treasury operations, RJR Nabisco Inc., Winston-Salem, North Carolina.

■ Mr Doug Crowther, previously financial director (a responsibility he retains) has been appointed deputy managing director of FERRYMASTERS, Altrincham, a P&O Group company. Mr Mike Monoghan has been appointed business development director. He was general manager of the groupage division. Mr Joep Van den Bos, previously director and general manager of the Central European division, has been appointed European services director. He will be responsible for both the Central European and French divisions, and will continue to be based at Rozenburg.

■ Mr Richard Mansell-Jones, chairman of J. Bibby & Sons, has been appointed a director of Barlow Rand, South Africa.

■ Mr Michael Delahooke has been appointed business development director of International Distillers and Vintners. He is deputy managing director of Grand Metropolitan Brewing, to which Mr Keith Eden has been appointed as trading director. Mr Eden becomes chairman of regional subsidiary companies Samuel Webster and Wilsons, Manns & Norwich Brewery, Ushers Brewery, and Phoenix Brewery. Mr K.W. Taylor, managing director of Watney Truman, has also been appointed to the board of Grand Metropolitan Brewing. All the companies are part of the GRAND METROPOLITAN GROUP.

■ Mr Howard Little has been appointed to the board of POWELL DUFFRYN WAGON, Cardiff, with special responsibility for Powell Duffryn Tools. He was field sales manager.

■ BOWATER PACKAGING has appointed Mr Bob Parris as managing director of Harcostar. He was director and general manager of Bowater Bulk Packaging, and succeeds Mr Geoff Carr who has relinquished the post due to ill health.

■ Mr David Hancock has been appointed corporate services director of NATIONAL INVESTMENT GROUP, stockbrokers, in the London office. He was with County NatWest Wood Mackenzie. NIG was formed by the amalgamation of eight regional stockbrokers and the London firm of Scott Gough Layton.

■ BLANCHARDS has appointed to the board Mr Peter Inston and Mr Colin Glass. Mr Donald Sim has resigned.

■ SCANDINAVIAN BANK GROUP has appointed Mr Michael Cahen as executive director to head a new corporate finance division specialising in cross-border acquisitions. He was managing director of Paranational.

■ Mr E.F. Howard has been appointed chief executive of the MINSTER INSURANCE GROUP from September 1.

■ VM SOFTWARE EUROPE has appointed Mr Steve Tunstall as director of product management in Europe. He was managing director of VM Software (UK).

Mr David Noble (above) previously director and general manager of C.T. (LONDON), fluid handling specialists, has been promoted to managing director. He joined the board in 1986. Mr K.D. Voller has been appointed sales director. He was with Pegler & Louden. C.T. (London) is a subsidiary of Wills Group.

■ LAURENTIAN HOLDING COMPANY has appointed Mr John Sherriff as investment director. He joins from Legal & General.

■ GENERAL ACCIDENT FIRE & LIFE ASSURANCE CORPORATION has appointed Mr H.J. Kember to the board. He is managing director of NZI Corporation.

■ Mr David Brown has been appointed director and general manager of HAWKER SIDDELEY POWER PLANT.

## COMMODITIES AND AGRICULTURE

# Higher crop forecasts hit cocoa prices

By David Blackwell

COCOA PRICES fell to 6-year lows on the London futures market yesterday. The second position closed at £887 a tonne – the lowest since July 28, 1982.

Analysts said the market was trying to come to terms with rising crop forecasts for 1988-89. Figures of as much as 750,000 tonnes have been mentioned for the Ivory Coast, the world's biggest producer, which is expected to produce 645,000 tonnes in 1987-88.

The Ivory Coast will not sell its cocoa, which is in great demand by confectionery manufacturers, for less than FFr 1,250 per 100 kg, equivalent to about £1,150 a tonne. Earlier this week one trade house is believed to have bought between 7,000 and 8,000 tonnes of Ivory Coast cocoa at a premium of almost £200 a tonne, sparking talk of further Ivory Coast sales.

However, the Ivory Coast has stuck firmly to its policy of not selling below the price it needs to guarantee its fixed payments to farmers. It started the policy this year after the International Cocoa Organisation's buffer stock machinery stopped working.

"The Ivory Coast is winning the game," said one analyst. "It is getting the price it wants for the cocoa manufacturers are still going to need."

The crop forecasts are exacerbating the fundamental fact that the world is becoming grossly oversupplied with cocoa. Further depressing the market this week has been news that the Cameroons has sold cocoa as far forward as 1989-90, while Malaysia, now the world's third biggest producer, has sold forward the first half of next year's expected record crop.

Liquidation of long positions and selling sparked by falling charts has followed, pushing the second position contract down £65 a tonne since last Friday.

The International Cocoa Organisation is to meet in London early next month to discuss the mounting problems of the agreement. Delegates will have to face up to the fact that the policy of buffer stock buying has simply not worked in the face of a massive overhang in world supplies which a steady increase in consumption has no hope of absorbing.

Gill & Duffus, the influential London trading house, estimated in June that end-September world stocks would reach 705,000 tonnes, equivalent to just over four months grindings. The estimate seems likely to be increased shortly.

# 'Money for nothing' puzzle for Welsh farmers

## Bridget Bloom reports on misgivings about the Cambrian Mountains conservation scheme

THE UK Government's latest effort to protect the rural environment is causing consternation among some Welsh farmers.

"It's really so contradictory we don't know whether we're going backwards or forwards," commented Mrs Lynn Thomas, who, with her husband Alun, farms just over 1,000 rounded, ravine-filled acres in the Cambrian Mountains of mid-Wales. They have decided against enlisting their land in the Cambrian Mountains environmentally sensitive area scheme although, at first sight, it appears economically attractive.

"It seems no time at all since we signed our agreement to improve the farm by building the new shed for the sheep. And now they're offering us money not to improve the grass on the hills. It seems money for nothing, you might say. Too easy. So we're staying out for now."

The Thomas's understandable confusion, tinged with scepticism about government promises, goes some way to explain why farmers in Wales are not rushing to join the scheme.

ESA's are a British experiment, backed by the European Community, to encourage farmers to have proper regard for the environment.

In return for environmentally friendly farming practices which help conserve the landscape, farmers are paid compensation – in the Welsh ESAs, some £30 a hectare. In the Thomas's case, compensation could have amounted to about £7,000 a year for five years had most of the farm been entered into the scheme.

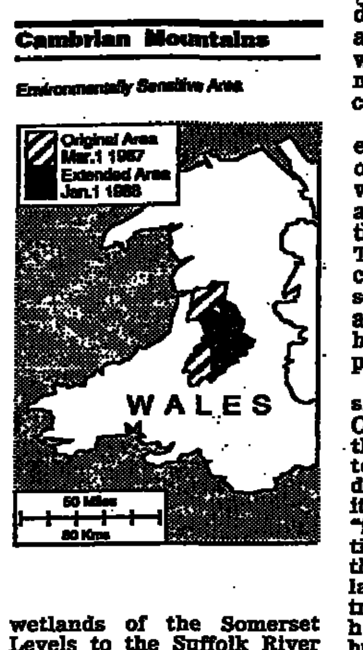
Some observers of today's changing agricultural scene believe the ESA's are potentially highly significant since they could help solve two of the key problems currently facing farming – the need to control the over-production resulting from high subsidies and the need to halt the depradations to much European landscape which that production revolution has caused.

The Thomas's problem with the ESA, apart from their scepticism, was the principal condition attached to their joining the scheme. They reckon that they can easily run an average of 2,000 sheep on their farm: the Welsh Office, administering the ministry of agriculture scheme, wanted this total reduced by more than a third to avoid over-grazing. The Thomases, who believe their hills can sustain their current sheep numbers without harm to the vegetation, said they were not prepared to cut back their flock, carefully built up over the last few years, so drastically.

Other farmers have enthusiastically entered the scheme mainly, it seems, because they have not had to reduce flock numbers. Mr Tegwyn Lewis, for example, has put into the scheme just over 400 acres of land he farms in the Plynlimon area and will receive about £5,000 a year in compensation. He has richer grassland elsewhere which is not in the scheme – onto which he can move his sheep at key times of year – so he is not having to cut his flock numbers substantially.

The Cambrian Mountains ESA covers about 150,000 hectares, of which just over 50,000 ha is defined as semi-natural rough grazing and is thus eligible for the scheme. So far, about 12,000 ha have been entered from 82 of the 1,000-plus holdings in the area.

This is a considerably lower proportion of farmers, as well as of area, than has been submitted in many of the other 19 designated ESA's throughout the UK – ranging from the




wetlands of the Somerset Levels to the Suffolk River Valleys and the Pennine Dales and covering nearly 2m acres of farmland in all. Part of the reason for this lower participation is the innate caution of Welsh hill farmers. As Mr Emyr Hughes, Cardigan county secretary of the National Farmers' Union says: "We Welsh tend to be late developers – we want to stand and look over the gate to see whether the other fellow is making a go of it before we commit ourselves".

But the Cambrian Mountain experiment does illustrate two of the principal difficulties which are beginning to emerge as the ESA schemes move into their second year of operation. They are extremely time-consuming, and thus costly, to set up – and they may not be as effective as officials would have liked in curbing overall production.

The Countryside Commission, with the Nature Conservancy Council, provided the original recommendation to the Government for designating the ESA's. In this, it noted that the Cambrians "form a striking and distinctive landscape and . . . with their unusually varied grassland vegetation . . . contrasted in the drier east by heather, bilberry and bracken . . . and oak woods along the craggy valley rims . . . are the only major remaining undesignated upland area in England and Wales."

It recommended that their varied vegetation be protected under the scheme by low grazing levels. But so varied is the vegetation that each farm submitted to the ESA must be individually surveyed and mapped by an agricultural official, who can spend as much as a week walking the farm, working out stocking levels and concluding a single farmer agreement.

The second problem is illustrated by Mr Tegwyn Lewis, who candidly admitted that while he would abide by the ESA agreement on the land submitted and would do so because he believed in the importance of conservation, he would spend some of his compensation on improving the productive capacity of the land not entered into the scheme.

It is far too early to judge the overall effectiveness of the ESAs: while nine (including half of the Cambrian Mountains) are coming into *their second year*, ten (including the mid-Cambrian area) were designated only last December. But as Mr Philip Finnegan, who is responsible for the administration of the scheme from the Welsh Office in Aberystwyth, notes: a new principle is being established, for farmers are being encouraged, entirely voluntarily, to become involved in conservation issues and the Government is ready to pay for them to make the effort.

# Counting the cost of the US drought

By Nancy Dunne in Washington

STARTING AT 3 am Eastern Standard Time yesterday, about 75 commodity specialists and clerks began a 12 hour stint in a locked area of the US Agriculture Department where they worked feverishly to produce the most definitive report yet on the US drought.

Security in the sealed off area matched anything the Pentagon or the Central Intelligence Agency might contrive. No phones were permitted, and no one was allowed to leave until the report was produced.

Commodity traders and farmers waited nervously since any unexpected results *could* send the volatile markets plummeting or soaring. Because of the sensitivity of crop reports, they are never released until the commodity markets are closed for the day.

To measure the impact of the worst US drought in more than half a century, the US Agriculture Department has added a special survey of 16,000 farmers in 28 states to the statistical techniques it generally employs to predict the harvest. These were the same farmers who were surveyed last June for a special report last month.

"By going back to those same farmers we will be able to get a better idea of how many of those acres still are *intended for harvest*," said Mr Charles Caudill, administrator of the Department's National Agricultural Statistics Service.

Data from the special survey supplemented the information gathered for the Department's usual monthly production reports, which provide state and national forecasts for the major commodities.

The monthly reports are based on two categories of data: that produced by farmer surveys and site inspection of crops in the fields.

Generally, about 30,000 farmers participate in the survey, answering questions by mail, telephone or in personal interviews on their planting plans, acreage, yield and crop conditions.

The inspection data is compiled from figures produced by thousands of "enumerators" who go into field sites that have been randomly selected in major producing states to represent statistically all acreage planted for a given commodity.

Data is processed in 44 field offices around the country and summaries are electronically transmitted to the Agriculture Department in Washington. The national statistics are not compiled until the day the crop report is due.

# Firmer wool prices steady Australian growers nerves

By Chris Sherwell in Sydney

*INTERNATIONAL WOOL* prices yesterday appeared to have attained a measure of stability at the conclusion of the third week of the new 1988-89 selling season in Australia.

The steadiness offered some comfort for those wool growers who had grown nervous about the declining trend which materialised after April, when the market indicator – the benchmark measure of prices of all categories of wool – reached its peak, a remarkable 1,269 Australian cents a kilogram (clean).

By the end of the last season, in June, the indicator had slipped back to 1,091 cents. In the first week of the new season, which began at the end of July, it dropped a further 16 cents to 1,075 cents, and then last week another five cents to 1,070 cents.

Yesterday's closing figure was 1,071 cents, however, up two cents from Wednesday, and the Australian Wool Corporation, the industry's premier official body, was expecting continued firmness next week.

The Corporation is also standing by its predictions of last May, when it forecast that the average market indicator price in 1988-89 would be similar to the average for 1987-88 of around 1,000 cents, but would show a reverse trend, with strength in the first half of the season and more weakness later.

Behind that prediction lay a combination of bullish factors like reduced wool availability following the general depletion of stocks and bearish factors such as negative buyer reaction to the overall price rise.

Since then the wool supply picture has improved: because of an increase in wool production in Australia, the availability of apparel wool, Australia's main product, will be down only marginally, and not by two per cent as originally foreseen.

On the other side of the equation, demand appears to be holding up. Some buyers who stayed out of the market as it rose too high are said to be living from hand to mouth, and although prices may now be lower in Australian dollar terms, the currency has actually strengthened against most major currencies

How nervous the growers should really get, however, is another matter. In July the Corporation set the wool floor price, the level at which it intervenes in the market, at 875 cents – up a record 35 per cent on the previous season's figure, and effectively guaranteeing them a strong return for the year.

Wool is meanwhile expected to retain its position as Australia's biggest export earner. It brought in A$6bn in 1987-88 and analysts expect that performance to be duplicated in the current year.

For the grower this comforting picture is reinforced further by the knowledge that good grazing land is commanding higher prices. Unsurprisingly, some economists see wool, and firm commodity prices generally, as one of the most important factors explaining the burst of consumer demand driving Australia's current economic expansion.

# FAO forecasts grain stocks at 'bare minimum'

DROUGHT IN North America will cause world cereal production to fall for the second year running and cut global stocks to the bare minimum, the UN Food and Agricultural Organisation warned yesterday, reports Reuter from Rome.

It forecast that world cereal production would fall to 1.77bn tonnes this year, 13m tonnes below last month's forecast and 24m below last year's actual output, the FAO said in its August outlook.

Worst-hit by the drought was the coarse grain crop, now estimated at 772m tonnes world-wide, down from an earlier forecast of 785m tonnes and last year's 819m.

The FAO said wheat production would be 516m tonnes, the same as in 1987, while rice output *would rise by 5 per cent to* 484m tonnes from last year's drought-affected 461m tonnes.

The drop in production would cause a record 80m tonne drawdown from global cereal stocks, cutting them back to an estimated 319m tonnes by the end of the 1988-89 season.

"At the projected level global stocks . . . would be at the minimum level FAO considers necessary to safeguard food security," corresponding to around 18 per cent of global consumption, the report said.

# EC farm prices average 150 per cent above world level

By Bridget Bloom, Agriculture Correspondent

THE PRICES which the European Community guarantees to its farmers and food processors were on average 150 per cent higher last month than those pertaining on world markets.

According to figures published recently by the British Ministry of Agriculture, 11 commodities, ranging from wheat to white sugar, averaged £1,172 a tonne to EC producers compared with a world price of £470 a tonne.

At the beginning of this year, EC prices for several of the 11 commodities, including wheat, barley, maize and sugar, were more than 200 per cent above world levels, while butter was over 300 per cent more. Rising world prices have since narrowed the gaps to between 63 per cent and 88 per cent for grains; 132 per cent for sugar and 264 per cent for butter.

Within the Community, eggs and poultry are the least protected commodities, followed by pigmeat. According to the British figures, as at July 23, poultry meat fetched a guaranteed price of £1,015 a tonne compared with £699 a tonne on world markets. The comparable figures for eggs were £822 and £305 and for pigmeat £1,431 and £616.

The ministry figures have been produced in response to a parliamentary question answered by Mr Donald Thompson, a junior minister. They show the EC's so-called threshold, or intervention, prices, or their nearest equivalents, compared with "notional" world prices offered to importers before payment of import levies.

EC prices per tonne for the remaining commodities were common wheat £165 (world price £88); barley £150 (£92); maize £163 (£88) sugar (white) £435 (£196); butter (82 per cent fat) £2,336 (£641); cheese (cheddar) £2,365 (£830);

## WORLD COMMODITIES PRICES

**SPOT MARKETS**

| Crude oil (per barrel FOB September) | | + or - |
|---|---|---|
| Dubai | $13.15-3.20y | -0.025 |
| Brent Blend | $15.05-5.10y | +0.05 |
| W.T.I. (1 pm est) | $15.65-5.70y | +0.07 |

| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
|---|---|---|
| Premium Gasoline | $170-171 | -1.5 |
| Gas Oil | $129-132 | |
| Heavy Fuel Oil | $68-70 | +1 |
| Naphtha | $133-135 | -2 |
| *Petroleum Argus Estimates* | | |

| Other | | + or - |
|---|---|---|
| Gold (per troy oz)♣ | $427.50 | |
| Silver (per troy oz)♣ | 668c | -1 |
| Platinum (per troy oz) | $528.75 | +5.50 |
| Palladium (per troy oz) | $123.75 | |
| Aluminium (free market) | $2785 | -40 |
| Copper (US Producer) | 98-100c | -¼ |
| Lead (US Producer) | 36c | |
| Nickel (free market) | 655c | +5 |
| Tin (European free market) | £4350 | -25 |
| Tin (Kuala Lumpur market) | 19.24r | +0.04 |
| Tin (New York) | 341.5c | |
| Zinc (Euro. Prod. Price) | $1200 | |
| Zinc (US Prime Western) | 65⅝c | |
| Cattle (live weight)† | 117.62p | -0.15* |
| Sheep (dead weight)† | 187.74p | -17.6* |
| Pigs (live weight)† | 68.13p | -5.04* |
| London daily sugar (raw) | $309.0x | +5.2 |
| London daily sugar (white) | $289.5x | +4.0 |
| Tate and Lyle export price | £292.5 | +1.5 |
| Barley (English feed) | £101 | |
| Maize (US No. 3 yellow) | £143 | -1 |
| Wheat (US Dark Northern) | unq | |
| Rubber (spot)♥ | 73.00p | +0.75 |
| Rubber (Sep)♥ | 79.00p | +0.75 |
| Rubber (Oct)♥ | 79.25p | +0.75 |
| Rubber (KL RSS No 1 Sep) | 345.5m | +1.5 |
| Coconut oil (Philippines)§ | $580x | -25 |
| Palm Oil (Malaysian)§ | $442.5 | |
| Copra (Philippines)§ | $430 | |
| Soyabeans (US) | $207 | +2 |
| Cotton "A" Index | 59.75c | +0.20 |
| Wooltops (64s Super) | 652p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Sep. q-Oct. w-Jul/Aug. x-Aug/Sep. z-Sep/Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.



**COCOA £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 904 | 952 | 945 903 |
| Dec | 887 | 929 | 924 881 |
| Mar | 894 | 927 | 922 886 |
| May | 907 | 940 | 935 903 |
| Jul | 926 | 955 | 949 928 |
| Sep | 938 | 969 | 964 935 |
| Dec | 960 | 1004 | 1000 965 |

Turnover: 10138 (5390) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 10: 1174.98 (1190.47) ;10 day average for Aug 11: 1192.14 (1194.99) .

**COFFEE £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 983 | 1013 | 1021 985 |
| Nov | 997 | 1023 | 1032 992 |
| Jan | 998 | 1030 | 1042 994 |
| Mar | 996 | 1033 | 1042 992 |
| May | 1005 | 1035 | 1052 1000 |
| Jly | 1013 | 1045 | 1052 1008 |
| Sep | 1021 | 1060 | 1020 |

Turnover: 4364 (3460) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Aug 10:Comp. daily 107.22 (105.92); . 15 day average 108.20 (108.74).

**SUGAR ($ per tonne)**

| Raw | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 256.00 | 265.60 | 266.20 256.00 |
| Dec | 258.00 | 261.80 | 262.60 262.40 |
| Mar | 242.20 | 250.00 | 251.00 242.00 |
| May | 236.00 | 244.00 | 244.00 243.00 |
| Aug | 230.00 | 237.00 | 238.20 237.00 |
| Oct | 226.00 | 235.00 | 234.00 |

| White | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 277.00 | 282.00 | 282.00 277.00 |
| Dec | 272.00 | 279.00 | 279.00 272.00 |
| Mar | 274.00 | 279.50 | 279.50 275.00 |
| May | 275.00 | 279.00 | 279.00 275.00 |
| Aug | 276.00 | 279.00 | 276.00 |
| Oct | 275.00 | 279.00 | 277.00 272.00 |

Turnover: Raw 2722 (1337) lots of 50 tonnes. White 671 (2145) .
Paris- White (FFr per tonne): Oct 1795, Dec 1775, Mar 1775, May 1785, Aug 1790 Oct 1790

**GAS OIL $/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 132.00 | 131.75 | 132.25 131.50 |
| Oct | 134.25 | 134.00 | 134.75 133.50 |
| Nov | 136.25 | 135.50 | 136.00 135.50 |
| Dec | 137.50 | 136.75 | 137.25 136.50 |
| Jan | 136.25 | 135.50 | 136.25 136.00 |
| Feb | 134.25 | 134.00 | |

Turnover 2692 (3228) lots of 100 tonnes

**GRAINS £/tonne**

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 106.10 | 105.90 | 106.30 105.90 |
| Nov | 109.00 | 108.75 | 109.25 108.70 |
| Jan | 112.00 | 111.75 | 112.30 111.70 |
| Mar | 114.55 | 114.30 | 114.55 114.50 |
| May | 117.25 | 116.85 | 117.25 116.85 |

| Barley | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 101.80 | 101.70 | 101.80 101.60 |
| Nov | 105.05 | 105.00 | 105.05 104.85 |
| Jan | 108.05 | 108.00 | 108.10 107.70 |
| Mar | 110.45 | 110.10 | 110.70 110.40 |
| May | 112.30 | 112.15 | 112.85 112.50 |

Turnover: Wheat 227 (188) , Barley 331 (168) .
Turnover lots of 100 tonnes.

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Ring turnover 600 tonne |
| Cash | 2760-80 | 2825-35 | 2790 | 2780-90 | | |
| 3 months | 2730-50 | 2740-50 | | 2755-60 | 2770-90 | 7,760 lots |
| **Aluminium, 99.5% purity (£ per tonne)** | | | | | | Ring turnover 7,575 tonne |
| Cash | 1585-90 | 1595-8 | 1596 | 1585-7 | | |
| 3 months | 1498-500 | 1506-7 | 1515/1495 | 1495-6 | 1515-6 | 46,261 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Ring turnover 21,650 tonne |
| Cash | 1251-2 | 1237-8 | 1251/1243.5 | 1244-5 | | |
| 3 months | 1252-3 | 1243-4 | 1260/1242 | 1247-8 | 1260-0.5 | 64,259 lots |
| **Copper, Standard (£ per tonne)** | | | | | | Ring turnover 0 tonne |
| Cash | 1210-5 | 1200-5 | | 1205-10 | | |
| 3 months | 1210-5 | 1200-5 | | 1205-10 | | 35 lots |
| **Silver (US cents/fine ounce)** | | | | | | Ring turnover 0 ozs |
| Cash | 664-7 | 661-4 | | 667-70 | | |
| 3 months | 678-81 | 675-8 | | 681-4 | 670-5 | 517 lots |
| **Lead (£ per tonne)** | | | | | | Ring turnover 5,875 tonne |
| Cash | 353.5-4 | 353-5 | 354/353 | 358-4 | | |
| 3 months | 356-7 | 357-8 | 359/355 | 354-5 | 356-7 | 11,741 lots |
| **Nickel ($ per tonne)** | | | | | | Ring turnover 1,104 tonne |
| Cash | 14550-650 | 14600-50 | 14700 | 14700-60 | | |
| 3 months | 13350-450 | 13400-600 | 13700/13400 | 13600-60 | 13400-500 | 6,366 lots |
| **Zinc (£ per tonne)** | | | | | | Ring turnover 7,250 tonne |
| Cash | 750-2 | 750-2 | 752 | 752-3 | | |
| 3 months | 740-1 | 743-4 | 746/740 | 739-40 | 743-4 | 22,748 lots |

**POTATOES £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Nov | 65.5 | 66.8 | 66.0 64.0 |
| Feb | 79.0 | 80.0 | 77.0 77.0 |
| Apr | 91.3 | 96.0 | 95.5 90.1 |
| May | 100.5 | 107.0 | 102.0 99.0 |

Turnover 1020 (808) lots of 40 tonnes.

**SOYABEAN MEAL £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 172.50 | 173.00 | 173.50 172.00 |
| Dec | 178.00 | 178.00 | 178.00 177.50 |
| Feb | 182.00 | 182.00 | 182.00 |
| Apr | 182.50 | 182.50 | 182.00 |
| Jun | 174.00 | 173.50 | |

Turnover 135 (441) lots of 20 tonnes.

**FREIGHT FUTURES $10/index point**

| | Close | Previous | High/Low |
|---|---|---|---|
| Aug | 1246 | 1243 | 1246 1235 |
| Sep | 1366 | 1363 | 1366 1360 |
| Oct | 1463 | 1455 | 1463 1449 |
| Jan | 1495 | 1480 | 1495 1470 |
| Apr | 1524 | 1515 | 1524 1510 |
| BFI | 1191 | 1191 | |

Turnover 209 (275)

**FRUIT AND VEGETABLES**

The first English discovery apples are available 36-60p a lb as are Greek thompson seedless grapes 50p-£1.00 and red dougherty apples 20-45p, reports FFVIB. Larger sizes of yellow honeydew 75p-£1.75 each (50p-£1.10) and galia £1.00-2.00 (80p-£1.20) melons are in the shops. Bananas are 30-50p a lb (32-55p). Stick beans are 50-60p (80p-£1.00) and white cabbages 20-40p (25-40p). Homegrown carrots are 10-22p (14-25p) and Dutch finger carrots 18-30p (20-35p). Cauliflowers are 35-50p (35-60p) and courgettes 25-45p a lb (30-60p). There are some larger round lettuces 16-28p (15-25p) and iceberg lettuces 40-75p (35-75p) available. Cucumbers 25-50p and spring onions 20-45p a bunch remain stable. Tomatoes are now 20-40p.

**LONDON BULLION MARKET**

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 427¼-427¾ | 251½-252 |
| Opening | 428¾-429¼ | 253-253½ |
| Morning fix | 428.00 | 251.834 |
| Afternoon fix | 427.95 | 251.292 |
| Day's high | 429½-430 | |
| Day's low | 427¼-427¾ | |

| Coins | $ price | £ equivalent |
|---|---|---|
| Mapleleaf | 440-445 | 259-262 |
| Britannia | 440-445 | 259-262 |
| US Eagle | 440-445 | 259-262 |
| Angel | 439-444 | 258½-261½ |
| Krugerrand | 428-429 | 251-253 |
| New Sov. | 100½-101½ | 59¼-60½ |
| Old Sov. | 100½-102 | 59¼-60¾ |
| Noble Plat | 543.85-50.15 | 320.85-324.3 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 393.25 | 669.75 |
| 3 months | 404.35 | 684.25 |
| 6 months | 415.40 | 699.70 |
| 12 months | 437.70 | 730.85 |

**LONDON METAL EXCHANGE TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Sept | Nov | Sept | Nov |
| 2550 | [illegible] | [illegible] | [illegible] | [illegible] |
| 2650 | [illegible] | [illegible] | [illegible] | [illegible] |
| 2750 | [illegible] | [illegible] | 145 | 227 |
| **Aluminium (99.5%)** | **Calls** | | **Puts** | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### US MARKETS

The grains and soybean complex remained on the defensive for most of the day as professional selling and position-squaring eased prices in advance of todays U.S.D.A. production report to be published after the close, reports Drexel Burnham Lambert. Professional selling was noted in the soybeans. Corn tended to follow the beans, despite firm cash prices in response to Japanese buying and a forthcoming Mexican tender. Soymeal found some support from Soviet buying and resultant strength in South American premiums, but bean oil weakened in the absence of any export demand. Wheat eased despite indications of possible serious damage to spring wheat growths. Cattle futures consolidated, easing slightly in spite of firmer cash prices and brisk physical trading. The precious metals came under early pressure from trade selling, but, as the U.S. dollar weakened, local and commission house buying firmed prices before late local profittaking eased prices back. The exception was platinum, where persistent trade selling held any dollar-related buying. Copper rallied strongly as fund buying touched off stops, but late local selling pared gains. Sugar eased in light trade with commission house selling in a market dominated by switch activity. Coffee eased with a combination of disappointed long-liquidation, sell stops and technical-selling.

### New York

**GOLD 100 troy oz.; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 429.3 | 429.2 | 430.3 | 427.9 |
| Sep | 430.9 | 430.6 | 0 | 0 |
| Oct | 433.5 | 433.7 | 434.8 | 431.5 |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| Apr | [illegible] | [illegible] | [illegible] | [illegible] |
| Jun | [illegible] | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |

**PLATINUM 50 troy oz; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**SILVER 5,000 troy oz; cents/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**COPPER 25,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 95.15 | 91.50 | 95.00 | 95.00 |
| Sep | 95.35 | 91.60 | 96.00 | 92.10 |
| Oct | 94.00 | 90.90 | 0 | 0 |
| Dec | 92.30 | 89.50 | 92.70 | 89.75 |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| Jul | [illegible] | [illegible] | [illegible] | [illegible] |
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Feb | [illegible] | [illegible] | [illegible] | [illegible] |
| Apr | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |

**HEATING OIL 42,000 US galls, cents/US galls**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] | [illegible] |
| Nov | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] | [illegible] |
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| Jun | [illegible] | [illegible] | [illegible] | [illegible] |

**COCOA 10 tonnes;$/tonnes**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| Jul | [illegible] | [illegible] | [illegible] | [illegible] |
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

**COFFEE "C" 37,500lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| Mar | [illegible] | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] | [illegible] |
| Jul | [illegible] | [illegible] | [illegible] | [illegible] |
| Sep | [illegible] | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |

**SUGAR WORLD "11" 112,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**COTTON 50,000; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**ORANGE JUICE 15,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### Chicago

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**SOYABEAN OIL 60,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**MAIZE 5,000 bu min; cents/56lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**LIVE CATTLE 40,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**LIVE HOGS 30,000 lb; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**PORK BELLIES 38,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

# WORLD STOCK MARKETS

AUSTRIA | FRANCE | GERMANY (continued) | NETHERLANDS (continued) | SWEDEN (continued)

[illegible]

BELGIUM/LUXEMBOURG | SWITZERLAND | NORWAY | ITALY | SPAIN | SOUTH AFRICA

[illegible]

DENMARK | GERMANY | NETHERLANDS | SWEDEN

[illegible]

FINLAND

[illegible]

JAPAN | AUSTRALIA (continued) | HONG KONG | AUSTRALIA | SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## CANADA

TORONTO

2pm prices August 11

Quotations in cents unless marked $.

[illegible]

1 - No voting rights or restricted voting rights.

## OVER-THE-COUNTER

Nasdaq national market, 2pm prices August 11

Continued from page 37

[illegible]

| Stock | Div. | P/E | Sales 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Veronx g | | | 195 | 4 13-16 | 4 11-16 | 4 11-16 | −1-16 |
| Verte s | | 14 | x3 | 16¾ | 16¾ | 16¾ | |
| Vicorp | | | 11 | 10¼ | 9⅞ | 9⅞ | |
| Viewlis | | | 31 | 4⅞ | 4⅞ | 4⅞ | |
| Vipont | | 36 | 208 | 17 | 16⅝ | 16¾ − ⅛ | |
| Viratek | | | 93 | 14½ | 13¾ | 13¾ − ¾ | |
| Volvo | 1.52e | 6 | 57 | 45⅝ | 45¼ | 45⅜ + ¼ | |
| – W – W – | | | | | | | |
| WD 40 | 1.40a | 15 | 6 | 30¾ | 30 | 30 | |
| WTD | | 8 | 143 | 11 | 10½ | 11 | + ½ |
| Walbro | .48 | 20 | 1 | 32¼ | 32¼ | 32¼ | |
| WallCp | .40 | 19 | 25 | 11¾ | 11½ | 11½ + ⅛ | |
| – X – Y – Z – | | | | | | | |
| XL Dt s | | 15 | 121 | 24¾ | 24¼ | 24¼ − ⅛ | |
| XOMA | | | 262 | 14 | 13½ | 13¾ + ¼ | |
| X-Rite | .08 | 15 | 27 | 22½ | 22 | 22½ + ½ | |
| Xicor | | 16 | 1568 | 9 | 8½ | 8⅞ + ⅛ | |
| Xidex | | | 395 | 9 | 8⅞ | 9 | |
| Xylogic | | 6 | 2 | 6¼ | 6¼ | 6¼ − ⅛ | |
| Xyvan | | 4 | 23 | 6⅝ | 6½ | 6⅝ | |
| YlowF s | .70 | 17 | 186 | 27⅞ | 27½ | 27⅝ − ⅛ | |
| ZionUt | 1.44 | | 27 | 23¾ | 23⅜ | 23⅜ − ¼ | |
| Zondvn | | 29 | 129 | 13½ | 13⅜ | 13½ | |



### TOKYO - Most Active Stocks

Thursday 11 August 1988

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Canon | 43.52m | 1,570 | +140 |
| Fujitsu | 40.53m | 1,880 | +100 |
| Nippon Steel | 33.96m | 715 | +1 |
| Kawasaki Steel | 28.58m | 716 | -3 |
| Toshiba | 23.39m | 1,140 | +60 |
| Keisei Electric Railway | 21.90m | 2,310 | +110 |
| Hitachi | 17.32m | 1,910 | +80 |
| Nippon Express | 16.69m | 1,280 | +100 |
| Mitsubishi Heavy Ind | 16.12m | 919 | +4 |
| NKK | 11.84m | 645 | -5 |

## INDICES

NEW YORK — DOW JONES

[illegible]

CANADA — TORONTO

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

*2pm prices August 11*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **– A – A – A –** | | | | | | | | |
| 27⅞ | 14 | AAR s | .36 | 1.5 | 78 | 202 | 24⅛ | 23⅞ | 24 | – ⅛ |
| 12⅛ | 8⅛ | ACMIn n1.40e | | 12. | | 205 | 11⅛ | 11¼ | 11¼ | |
| 12⅛ | 10⅞ | ACMSc n1.26 | | 11. | | 486 | 11⅛ | 11 | 11⅛ | + ⅛ |
| 10⅛ | 9 | ACMSp n.17e | | 1.8 | | 140 | 9¼ | 9 | 9¼ | + ⅛ |
| 27⅛ | 10½ | AGS | | | 19 | 501 | 26⅝ | 26½ | 26½ | |
| 7⅞ | 2⅝ | AMCA | | | | 10 | 3⅞ | 3⅞ | 3⅞ | |
| 8⅝ | 3¼ | AM Intl | | | | 449 | 6⅞ | 5¾ | 5¾ | |
| 29⅝ | 17 | AM Int pf 2 | | 8.9 | | 35 | 22½ | 22⅜ | 22½ | + ⅛ |
| 65½ | 26¼ | AMR | | | 9 | 4724 | 43½ | 42 | 42¼ | –1 |
| 11⅛ | 5¾ | ARX | | | 10 | 28 | 7⅞ | 7⅛ | 7⅛ | – ⅛ |
| 70½ | 39⅞ | ASA | 3 | 7.7 | | 530 | 39¾ | d38⅝ | 38⅞ | – ⅞ |
| 22⅛ | 9½ | AVX | .06e | .3 | 11 | 131 | 18¼ | 18 | 18¼ | + ⅛ |
| 66⅝ | 40 | AbtLab | 1.20 | 2.7 | 15 | 1681 | 45⅛ | 44⅝ | 44⅞ | |
| 27⅞ | 15⅞ | Abitibi g | 1 | | | 14 | 17⅝ | 17⅝ | 17⅝ | – ⅛ |
| 18½ | 8½ | AcmeC | .40 | 4.0 | | 38 | 10⅛ | 10⅛ | 10⅛ | |
| 20 | 14⅛ | AdaEx | 3.05e | 20. | | 172 | 15⅛ | 15½ | 15½ | – ⅛ |
| 24⅞ | 7½ | AMD | | | | 4466 | 12⅛ | 11⅞ | 11⅞ | – ⅛ |
| 58⅝ | 28¼ | AMD pf | 3 | 8.2 | | 79 | 36¾ | 36¼ | 36⅜ | |
| 11⅛ | 4⅝ | Adobe | | | | 61 | 7½ | 7⅜ | 7⅜ | |
| 20¼ | 16⅞ | Adob pf | 1.84 | 10. | | 4 | 17⅝ | 17⅛ | 17⅝ | |
| 21⅛ | 17½ | Adob pf | 2.40 | 11. | | 16 | 21 | 20⅞ | 21 | |
| 12⅞ | 5⅞ | Advest | .12 | 1.3 | 17 | 102 | 9 | 8¾ | 9 | + ⅛ |
| 64¼ | 38½ | AetnLf | 2.75 | 5.9 | 7 | 933 | 46⅛ | 46½ | 46⅝ | |
| 97 | 90¼ | AetL pfC5.58e | | 6.0 | | 1 | 93 | 93 | 93 | –1 |
| 40⅝ | 20½ | AflPb s | .20 | .8 | 43 | 450 | 25⅛ | 24⅞ | 25⅛ | + ⅛ |
| 23¼ | 13 | Ahmans | .88 | 5.7 | 10 | 841 | 15⅝ | 15⅛ | 15½ | – ⅛ |
| 4 | 1⅜ | Aileen | | | | 13 | 3⅛ | 3⅛ | 3⅛ | – ⅛ |
| 53⅞ | 28 | AirPrd | 1.20 | 2.9 | 11 | 1986 | 42⅝ | 41⅞ | 41⅞ | – ⅝ |

Continued on Page 37

# NYSE COMPOSITE PRICES

Continued from previous Page

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 9½ | 8⅝ | S.JuanB .40e | 6.4 | | 368 | 7⅝ | 7¼ | 7⅜ | | |
| 14¼ | 6½ | S.JuanR | | | 14 | 36 | 13 | 12½ | 12½ | − ⅛ |
| 32⅝ | 23½ | SAnRt 2.04 | 6.5 | 10 | 142 | 31¼ | 30⅝ | 31¼ | + ⅜ | |
| [illegible] | | | | | | | | | | |
| 29⅝ | 19½ | XTRA pf1.94 | 6.9 | | z10 | 28⅝ | 28 | 28 | + ½ | |
| 59¾ | 17½ | Yorkla | | | 15 | 55 | 53 | 52⅝ | 52¾ | − ⅞ |
| 6⅝ | 2⅛ | Zapata | | | | 954 | 2⅞ | 2⅝ | 2¾ | |
| 37 | 13½ | Zayre | .40 | 1.9 | 12 | 7336 | 21⅝ | 20¾ | 21½ | + ¾ |
| 16⅛ | 8⅞ | Zemex | .40 | 3.2 | 16 | 1 | 12½ | 12½ | 12½ | |
| 33⅝ | 10 | ZenithE | | | | 1260 | 21¼ | 20½ | 20⅝ | − ½ |
| 10⅞ | 9½ | Zenin n .15e | 1.6 | | | 161 | 9⅝ | 9½ | 9⅝ | − ⅛ |
| 9⅝ | 1 | vjZeeLb | | | | 115 | 1⅜ | 1¼ | 1¼ | |
| 21⅞ | 12¼ | ZenNR .86b | 4.2 | 9 | 248 | 19⅝ | 19¼ | 19¼ | − ¼ | |
| 20⅝ | 11⅞ | Zero .40 | 2.4 | 15 | 85 | 17 | 16⅞ | 16⅞ | − ⅞ | |
| 29¼ | 15 | Zurnin .68 | 3.2 | 13 | 219 | 21⅝ | 21¼ | 21¼ | | |
| 11¼ | 7⅞ | Zweig 1.05e | 11. | | 194 | 10⅛ | 10 | 10 | − ⅛ | |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

2pm prices August 11

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

# OVER-THE-COUNTER

Nasdaq national market, 2pm prices August 11

| Stock | Div. | Sales 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

Continued on Page 35

FINANCIAL TIMES

Friday August 12 1988

AMERICA

# Interest rate worries push Dow further downwards

## Wall Street

INTEREST rate concerns were still alive on Wall Street yesterday. After an attempt at stabilising in early trading, the equity and bond markets continued their steep decline of the last two days, *writes Deborah Hargreaves in New York.*

Following the move by the Federal Reserve board to raise discount rates from 6 to 6.5 per cent on Tuesday, major central banks boosted their prime rates by ½ percentage point yesterday to 10 per cent, marking the third such rise in the past three months and their highest level since 1985.

At the same time, the Fed continued to firm short-term interest rates, pushing the Fed funds rate to 8 1/16, with analysts expecting it to be targeted at around 8¼ over the longer term.

The interest rate moves were mostly in line with expectations and initially the markets took them in their stride. However, after fluctuating several points in each direction in morning trading, stocks started to fall more sharply by midday and by 2 pm the Dow Jones Industrial Average had fallen 9.42 to 2,024.72.

Broader market indices were largely unchanged by midday with the Standard & Poor's 500 off 0.24 at 261.66 and the New York Stock Exchange Composite 0.11 lower at 148.12.

After trying to stabilise in early trading, the bond market slipped back by midday, when the Treasury's benchmark long bond fell by nearly ¼ point to 97 5/16 with a yield of 9.40 per cent. Three-month Treasury bill yields moved up slightly to 7.22 per cent.

The dollar was softer in New York trading after Mr Gerhard Stoltenberg, West Germany's finance minister, remarked that the dollar's rise of the last couple of days was "problematic." This was enough to boost the D-Mark and, by midday, the dollar had fallen to DM1.8980 and Y133.50.

The announcement of July retail sales yesterday gave further indication of a strong economy, although the figures were in line with market expectations and did not move the stock or bond markets. Retail sales in July rose 0.5 per cent to a seasonally adjusted $134bn after June sales had been adjusted to rise 0.4 per cent.

Blue chips were mixed, as the market struggled to find a clear direction after the sharp sell-off of the last couple of days. IBM was an active mover on the New York Stock Exchange, losing $⅛ to $119, while General Electric rose $¼ to $40¼ and McDonalds dropped $¼ to $43⅞.

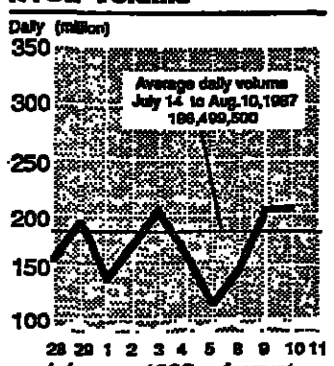
Technical Tape, the industrial and consumer tape concern, jumped $1⅞ to $15⅞ on the American Stock Exchange after the company received a $16-a-share takeover offer from Beiersdorf of West Germany, which topped an earlier bid of $13.75 a share from Dainippon Ink & Chemical.

In over-the-counter trading, Convergent Inc, which makes and markets computer systems, leaped $2½ to $5 5/16 after Unisys agreed to buy the company for cash and stock valued at $7 a share. Unisys was up $¼ at 32¾.

Integon, the insurance holding company, rose $⅝ to $6¼ in the over-the-counter market after the company's announcement late on Wednesday that it was in sales talks with an unnamed buyer for more than $7 a share. Southmark, the real estate and financial services firm that holds an 89 per cent stake in Integon, fell $⅛ to $3¼ on the NYSE.

Viacom, the entertainments company, lost $⅛ to $26⅞ after announcing a second quarter loss of $28.8m compared with $38.8m in the same 1987 period. May Department Stores was up $¼ to $34¾ after posting a profit of $63m in the second quarter, up from $61m.

### NYSE Volume




## Canada

FALLING base metals and energy issues pushed Toronto slightly lower in quiet trading at midsession.

The composite index, which had risen about 5 points in earlier trading, dropped 4.9 to 3,270.1 on light turnover of 9.6m shares.

EUROPE

# Composure returns in late trading

SUPPORT for share prices at lower levels and some positive corporate results helped European bourses to regain composure yesterday, and most ended off their lows, *writes Our Markets Staff.*

FRANKFURT remained under pressure, especially at the start of trading, following its 2 per cent fall on Wednesday and the sharp two-day decline on Wall Street.

However, yesterday's losses were more moderate, with the FAZ index shedding 4.42 to 480.28 at midsession and the real time DAX index ending 5.31 lower at 1,168.14 after late buying support lifted prices off their lows. Volume fell back to a very thin DM2.19bn as the summer lull continued.

The main concern was still that the rise in the US discount rate would force domestic interest rates up when the Bundesbank returns from holiday on August 25. This was offset to an extent by the overnight recovery in Tokyo and the slightly weaker dollar, which was seen as easing pressure for an immediate rise in interest rates.

There is increasing talk of resistance around the 500 level on the FAZ, with shares falling back each time they reach about 495, and fears of inflation and higher interest rates being cited. "It's as if you need a cannonball to push through the barrier, and the volumes we have at the moment are nothing but musket fire," said one analyst.

In cars, Porsche added 70 pfg to DM560.20 after saying it had made a profit last year and would pay a dividend but giving no details.

Bonds had a quieter day than Wednesday, ending little changed as the D-Mark picked up against the dollar. The new 6¾ per cent 1998 bond was fixed for the first time at 99.70, up about 30 pfg from the grey market price on Wednesday to yield 6.79 per cent from 6.83.

PARIS held up well under attack from a weaker franc and overnight losses on Wall Street, as positive company results underpinned trading.

The opening CAC index was off 7.9, or 2 per cent, at 351.2 but buyers appeared at the lower levels and the OMF 50 index ended the day down 2.67, or 0.8 per cent, at 348.86.

A rash of good interim results protected the market from the effects of the lower franc, said one analyst in Paris. "They encouraged a few buyers and restrained others from selling," he said.

The franc fell towards the bottom of the European Monetary System after Finance Minister Mr Pierre Bérégovoy said on Wednesday that he did not intend to raise domestic interest rates. The stronger D-Mark against the dollar put pressure on the franc, leading to a sharp early rise in the French call money rate and to fears that interest rates would have to rise after all.

Hotel group Accor, with 18 per cent higher interim sales, was steady at FFr446.50. Beghin-Say, reporting an almost trebling of first-half consolidated net turnover, eased FFr8 to FFr445 and BP France, with interim group sales up 4 per cent, fell back 20 centimes to FFr71.50.

Speculative stock LVMH was active, rising FFr66 to FFr2,810.

AMSTERDAM regained some ground in afternoon trading, but interest rate worries left the CBS all share index 2.2 weaker at 95.7, having been almost 3 per cent lower at 95.2.

Worse-than-expected second quarter profit figures from Royal Dutch sent the stock down Fl 10.10 to Fl 234.40, although buyers were reported at the lower levels. It fell as low as Fl 233.80.

KNP's good news of a forecast of 40 per cent higher annual profits left it unchanged at the close at Fl 165.50, after regaining earlier losses. KLM, which reported a 13.5 per cent fall in first quarter earnings, fell 60 cents to Fl 35.80. Internatio-Müller was one of the day's biggest movers, falling by Fl 4.70, or 7 per cent, to Fl 60.70.

MILAN also moved lower, although late bargain-hunting pulled prices off their lows and a number of blue chips recovered further after hours. The Comit index ended 5.16 lower at 523.04 in moderate trading.

Montedison, which analysts believe may have sharply reduced debts following the restructuring by Mr Raul Gardini, fell L40 to close at L1,884, only to recover to L1,920 after the close.

## London

**A WEAKER opening on Wall Street drained London's confidence yesterday. After a fairly optimistic opening, in defiance of overnight falls in New York and Tokyo, the FT-SE 100 index closed 22.7 down at 1,839.9. New York-oriented stocks Consolidated Goldfields, ICI, Glaxo and Shell – which is due to announce results today – all declined.**

ASIA PACIFIC

# Relief at strength of yen helps Nikkei bounce back

## Tokyo

THE STRENGTH of the yen came to the rescue of share prices in Tokyo yesterday, and the Nikkei average rebounded following its largest single-day fall this year on Wednesday, *writes Michiyo Nakamoto in Tokyo.*

Despite opening weaker in reaction to Wall Street's decline, the market recovered in early trading, with even early losers such as steels and machineries firming slightly by the end of the morning.

The Nikkei average regained 230.11 to 27,784.98, after moving between a high of 27,832.45 and a low of 27,470.66. Advances led declines by 461 to 417 with 164 issues unchanged. Volume was lower at 616m shares compared with Wednesday's 759.5m.

However, Japanese shares fell back in later trading in London, with the ISE/Nikkei 50 index losing 5.45 from the Tokyo close to 1,852.85.

In Tokyo, the recovery of bond and stock markets was mainly brought about by a stronger yen. There was relief that the yen did not weaken in the wake of the US discount rate increase, said an analyst at Yamaichi Securities.

One key concern underlying Wednesday's sharp drop on both markets was that a higher US discount rate might weaken the yen enough to trigger a rise in Japan's discount rate.

Some analysts say there is little reason to believe that the Bank of Japan will raise its discount rate. They argue that inflation is virtually non-existent in Japan and that therefore there is no need to raise interest rates.

Companies with good earnings forecasts led the market higher yesterday, and some analysts remarked that investors were paying more attention to fundamentals.

High-tech issues, increasingly popular because of their good earnings figures, became the market leaders. Canon advanced Y70 to a year high of Y1,600. Sony rose Y200 to Y7,030 and Pioneer picked up Y300 to Y4,000.

Yamatake-Honeywell and Yokogawa Electric, makers of industrial measuring instruments, both gained on the back of increased plant and equipment investments. Yamatake-Honeywell rose Y270 to a new high of Y2,130, while Yokogawa gained Y140 to Y1,620.

Situation stocks also rose further, with renewed demand for Keisei Electric Railways pushing the stock up Y130 to a record high of Y2,330. Keisei has been popular recently on speculation that its subsidiary, Oriental Land, would be listed on the TSE, as well as on growing interest in issues related to resort development.

Nittetsu Mining also rose to a new high of Y1,920, up Y130. The company operates a joint copper mine in Iran and is drawing investor interest as a result of the Gulf war truce.

The yen's rise helped bond prices turn up in morning trading, but they ended only slightly higher on fears of recovery selling.

The moderate rise in benchmark issues and bearishness of non-benchmark issues reflected continuing uncertainty about the future of the market. The benchmark 105th government bond finished the day down 0.045 of a point at 5.3555 per cent.

Share prices on the Osaka market also rose yesterday with the OSE average rising Y139.22 to Y27,022.20. High-tech issues attracted buying interest as in Tokyo, with Canon, Fujitsu and Sony moving up.

## Roundup

THE PICTURE improved in afternoon trading in leading Asia Pacific markets, although Australia and Singapore still ended lower. Taiwan's steep rally ran into profit-taking.

HONG KONG gained ground on bargain-hunting, with the Hang Seng index putting on 15.9 to 2,595.28. Concern over the previous day's news about corruption charges against stock exchange officials had diminished.

Hutchison Whampoa was the day's most active stock, ending unchanged at HK$8.95. Hongkong and Shanghai Bank, reporting a 34 per cent rise in interim profits after the market's close, was up 12½ cents at HK$4.80.

Shares in Henderson Land, off 7½ cents at HK$4.8¾, and Wing Tai, 30 cents lower at HK$10.50, are suspended from today because of the August 18 extraordinary meeting to vote on corporate reorganisation.

AUSTRALIA made up ground after falling back early in the session on active selling, and share prices closed slightly lower.

The All Ordinaries index lost 10.6 to 1,616.8, after earlier dropping to 1,601.1

BTR, reporting sharply higher net interim profits, lost 20 cents to A$8.90 and Hanimex, with improved annual earnings, was steady at A$2.66.

SINGAPORE also closed above the day's lows as bargain hunters appeared in the afternoon, and the Straits Times industrial index fell 12.64 to 1,138.11.

Blue chips fell back, with buying interest concentrating on Malaysian speculative stocks and low-priced issues.

## SOUTH AFRICA

A STRONGER financial rand restricted share price movements as the bullion price struggled to rise above $430, and gold shares closed little changed. De Beers, which settled a pay dispute with workers, shed 35 cents to R38.50.

# Turkey plucked from prolonged obscurity

The Istanbul bourse was relaunched in December 1985 after a long dormant period dating back to the early part of this century.

The exercise was intended by the Government to widen and deepen Turkey's capital markets, aided by a programme of privatisation. However, such ambitious plans have run up against continued family domination of even the largest holding companies, and the exchange has suffered from inexperience and a lack of institutional investors.

When the new equity market opened, 40 companies were listed, offering only a small percentage of their shares. There are now 50 stocks quoted on the primary market – 47 of which are actively traded – but the exchange is still tiny compared with the world's leading bourses.

The Government's liquidity squeeze in February, which included an increase to 65 per cent in deposit interest rates, soaked up investors' funds, depriving the market of a potential driving force. Even the Government's first main privatisation issue in March – of shares in telephone maker Teletas – contributed to lower equity prices. Although the issue, which was oversubscribed, gave an initial boost to trading, its launch in the middle of a weak market was unsettling.

Rumours that the Government was secretly selling shares in state holdings knocked share prices in the second half of 1987, with the Istanbul Stock Exchange index falling from a peak of 1,331.37 on August 21 to 673.0 on December 31 last year. Such rumours continue to depress the market, along with liquidity problems, inflation fears and the reticence of investors who got their fingers burnt in the sharp fall last year.

The capitalisation of the exchange's primary market amounts to about TL2,400bn ($1.6bn), with the top 10 stocks accounting for about 32 per cent of turnover.

Trading is controlled largely by banks, and average daily turnover to the end of May this year stood at about TL1bn.

The bourse trades officially from 9.30 am to 12.30 pm, on a continuous auction basis. After-hours trading lasts about two hours in the first, or primary market, and half an hour in the second market.

The Istanbul Stock Exchange index tracks the performance of the 50 shares on the primary market. The index is hovering now at about 455, having reached a high this year of 858.24 on January 25 and a low of 415.03 on July 5.

There is no over-the-counter market, although bonds are traded. Shares, both bearer and registered, rank equally for voting rights.

Foreign investment has been allowed in principle in Turkish equities for the past four years, although exchange controls have in reality precluded such activity on a significant scale.

Last month's decree to liberalise such controls could change that and there is evidence that foreign interest in the market is growing. The decree clarifies the procedure for the setting up of investment trusts and the repatriation of funds, allowing institutions, but not individual investors, to invest through a local intermediary.

There is talk of a closed-end Turkey fund similar to those launched recently for several emerging markets, such as Portugal and Thailand. It would probably be listed in either London or New York. At present there are 12 closed-end domestic mutual funds not open to overseas investors.

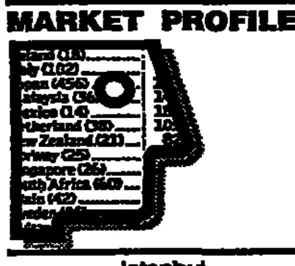
Neither foreign nor domestic investors are liable to withholding tax.

The market is paper-based, with computerisation due to be introduced in the next two to three years.

The profile series continues next week with Taiwan

**Jim Bodgener**

### MARKET PROFILE



Istanbul

### STOCK MARKET FACT CHART ISTANBUL

Market capitalisation: TL2,400bn ($1 = TL1,459, £1 = TL2,476)
Number of shares listed: 50
Top 10 stocks, percentage of market: 32%
Trading hours: official – 9.30 am-12.30 pm; after hours – two hours on the primary market
*Average daily turnover, to end-May 1988: TL1bn*
Main index: Istanbul Stock Exchange index (50 stocks)
Current level of index: 452.45; 1988 high: 858.24 (25/1); 1988 low: 415.03 (5/7)
Settlement: cash – three days

Address: Istanbul Stock Exchange, Rihtim Caddesi No 245, Tophane, Istanbul, Turkey. Tel: (90 1) 143 72 43.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | WEDNESDAY AUGUST 10 1988 | | | | | TUESDAY AUGUST 9 1988 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1988 High | 1988 Low | Year ago (approx) |
| Australia (89) | 147.73 | –1.5 | 129.52 | 123.00 | 3.64 | 150.04 | 131.82 | 124.69 | 150.71 | 91.16 | 155.80 |
| Austria (16) | 84.40 | –1.1 | 74.00 | 84.04 | 2.47 | 85.30 | 74.94 | 83.99 | 98.18 | 83.72 | 95.18 |
| Belgium (63) | 110.77 | –0.9 | 97.12 | 111.04 | 4.54 | 111.72 | 98.15 | 111.72 | 139.89 | 99.14 | 129.98 |
| Canada (128) | 118.80 | –1.9 | 104.16 | 105.42 | 3.19 | 121.13 | 106.42 | 106.62 | 128.91 | 107.06 | 140.91 |
| Denmark (39) | 120.00 | –0.3 | 105.21 | 119.51 | 2.43 | 120.33 | 105.72 | 119.51 | 132.72 | 111.42 | 111.63 |
| Finland (26) | 125.42 | –1.7 | 109.96 | 118.84 | 1.45 | 127.64 | 112.14 | 119.66 | 139.53 | 106.78 | – |
| France (129) | 89.43 | –1.6 | 78.41 | 90.90 | 3.57 | 90.90 | 79.86 | 92.08 | 99.62 | 72.77 | 103.67 |
| West Germany (100) | 73.21 | –1.3 | 64.19 | 72.91 | 2.54 | 74.18 | 65.17 | 73.89 | 80.79 | 67.78 | 101.32 |
| Hong Kong (46) | 105.20 | –2.1 | 92.23 | 105.38 | 4.50 | 107.41 | 94.37 | 107.61 | 111.86 | 84.90 | 142.69 |
| Ireland (18) | 130.08 | –0.9 | 114.05 | 130.87 | 3.64 | 131.21 | 115.27 | 131.73 | 144.25 | 104.60 | 137.16 |
| Italy (102) | 70.09 | –0.5 | 61.45 | 74.15 | 2.72 | 70.41 | 61.86 | 74.32 | 81.74 | 62.99 | 86.93 |
| Japan (456) | 161.04 | –2.2 | 141.19 | 136.86 | 0.53 | 164.66 | 144.67 | 140.20 | 177.27 | 133.61 | 140.62 |
| Malaysia (36) | 151.20 | –1.9 | 132.57 | 154.44 | 2.38 | 154.08 | 135.37 | 156.78 | 154.17 | 107.83 | 192.24 |
| Mexico (13) | 151.36 | –2.5 | 132.70 | 378.63 | 1.44 | 155.24 | 136.39 | 388.35 | 180.07 | 90.07 | 289.94 |
| Netherland (38) | 104.22 | –2.0 | 91.38 | 102.82 | 4.50 | 106.38 | 93.46 | 104.94 | 110.66 | 95.23 | 128.82 |
| New Zealand (21) | 81.06 | –0.8 | 71.07 | 63.97 | 5.91 | 81.74 | 71.81 | 64.35 | 84.05 | 64.42 | 115.20 |
| Norway (25) | 118.48 | –0.2 | 103.88 | 111.89 | 2.69 | 118.76 | 104.33 | 111.70 | 132.23 | 98.55 | 169.35 |
| Singapore (26) | 131.52 | –3.1 | 115.31 | 123.89 | 2.10 | 135.79 | 119.30 | 127.84 | 135.89 | 97.99 | 173.62 |
| South Africa (60) | 109.87 | –3.1 | 96.33 | 88.95 | 4.76 | 113.34 | 99.58 | 89.28 | 139.07 | 109.87 | 179.89 |
| Spain (43) | 145.74 | –1.0 | 127.78 | 138.73 | 3.26 | 147.23 | 129.35 | 139.93 | 164.47 | 130.73 | 141.77 |
| Sweden (35) | 112.68 | –1.9 | 98.79 | 109.18 | 2.61 | 114.89 | 100.94 | 111.15 | 125.50 | 96.92 | 122.89 |
| Switzerland (55) | 77.57 | –0.2 | 68.01 | 76.46 | 2.24 | 77.68 | 68.25 | 77.15 | 86.75 | 75.60 | 105.24 |
| United Kingdom (325) | 130.17 | –1.0 | 114.13 | 114.13 | 4.41 | 131.43 | 115.47 | 115.47 | 141.18 | 123.09 | 147.38 |
| USA (580) | 106.85 | –1.7 | 93.68 | 106.85 | 3.71 | 108.69 | 95.49 | 108.69 | 112.47 | 99.19 | 135.52 |
| Europe (1014) | 103.24 | –1.1 | 90.52 | 97.22 | 3.73 | 104.36 | 91.69 | 98.33 | 110.82 | 97.01 | 122.35 |
| Pacific Basin (674) | 158.34 | –2.2 | 138.82 | 135.00 | 0.73 | 161.86 | 142.20 | 138.23 | 172.26 | 130.81 | 141.24 |
| Euro-Pacific (1688) | 136.31 | –1.8 | 119.51 | 119.92 | 1.65 | 138.87 | 122.00 | 122.33 | 147.53 | 120.36 | 133.75 |
| North America (708) | 107.48 | –1.7 | 94.23 | 106.78 | 3.68 | 109.35 | 96.07 | 108.58 | 113.29 | 99.78 | 135.80 |
| Europe Ex. UK (689) | 86.55 | –1.2 | 75.88 | 86.74 | 3.13 | 87.57 | 76.94 | 87.70 | 92.99 | 80.27 | 106.81 |
| Pacific Ex. Japan (218) | 125.84 | –1.7 | 110.33 | 111.77 | 3.90 | 128.07 | 112.52 | 113.61 | 128.27 | 87.51 | 148.90 |
| World Ex. US (1889) | 135.45 | –1.9 | 118.76 | 119.24 | 1.72 | 138.01 | 121.25 | 121.58 | 146.49 | 120.26 | 134.60 |
| World Ex. UK (2144) | 123.81 | –1.9 | 108.55 | 115.00 | 2.16 | 126.20 | 110.87 | 117.26 | 131.77 | 111.77 | 139.70 |
| World Ex. So. Af. (2409) | 124.45 | –1.8 | 109.12 | 115.08 | 2.35 | 126.73 | 111.34 | 117.27 | 132.39 | 113.26 | 134.62 |
| World Ex. Japan (2013) | 106.79 | –1.5 | 93.63 | 103.73 | 3.72 | 108.42 | 95.25 | 105.27 | 112.43 | 100.00 | 132.21 |
| The World Index (2469) | 124.37 | –1.8 | 109.04 | 114.91 | 2.37 | 126.65 | 111.27 | 117.08 | 132.38 | 113.37 | 134.91 |

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Danish prices were not updated August 10.
Latest prices were unavailable for this edition.